

Business in Germany?

Landesbanken
Girozentralen
Sparkassen

FINANCIAL TIMES

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NEWS SUMMARY

GENERAL

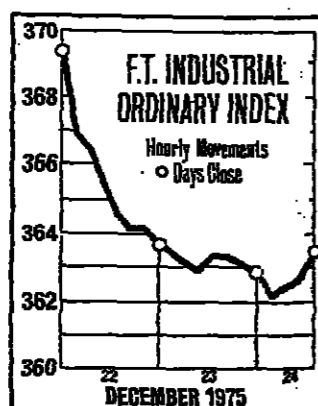
UVF plot' men charged

Four men alleged to have been part in a UVF plot to blow up a court in Glasgow yesterday. They were sent to trial together with two Belfast men who did not appear. All six are alleged to have conspired with others to further UVF by criminal means, to obtain firearms and explosives and to make them for causing injury. Two are also accused of carrying explosives and firearms to Ulster. Four people were injured in Ulster's peaceful Christmas Eve, with the official close brought forward to noon. The FT 30-share index closed 0.6 higher at 363.4, a rise of 5.3 on the Account.

BUSINESS

Equities 5.3 ahead at end of Account

Equities had a quiet Christmas Eve, with the official close brought forward to noon. The FT 30-share index closed 0.6 higher at 363.4, a rise of 5.3 on the Account.



Christmas story

The first time in years, the nation of the Christmas story focused over the holiday. The traditional elements of the story rather than upon the ideas and frailties of men, were no major disasters. A save in hapless Beirut, few raised a hand against the story.

FT 30-share index

FT 30-share index closed 0.6 higher at 363.4, a rise of 5.3 on the Account.

India takes over oil business

INDIA is to nationalise the Burmah Shell Bombay refinery and its national marketing arrangements. Joint owners Burmah Oil and Shell International are to receive £23m. compensation. Back Page

ESSEX EXPLORATION

which has a half share in Japan's off-shore gas field, appears to be moving towards a decision that the field does not merit commercial exploitation. Page 11

Steel price rise expected soon

INDUSTRY appears to be expecting an increase of about 10 per cent. in the price of most British Steel products within the next few weeks. Page 4. Private steelmakers look likely to invest £80m. in new plants. Page 9

SLATER WALKER'S investment division

which includes about £200m. of unit trust funds and a further £40m. of private clients' investments, has been given a "clean bill of health" by merchant banks N. M. Rothschild and Hambros. Page 11

LLOYDS BANK

is to raise its charges for ancillary services early in the New Year and the other big banks are expected to follow. Ordinary current account holders will not be affected, as the bank's claim for more general increases has been resisted by the Price Commission.

LABOUR

BRITISH LEYLAND is to introduce a company-wide contributory pension scheme for its 37,500 staff next summer. A similar plan for its 120,000 manual workers was introduced in September. Page 11

SCOTTISH Trades Union Congress

has been asked to recall its Scottish Assembly, which last met when the Heath Government was in power. Ayrshire Trades Council wants the Assembly to be put under Westminster to put pressure on Scottish unemployment, set over Scottish unemployment, set over Scottish unemployment.

EDNESDAY'S CHIEF PRICE CHANGES

Prices in pence unless otherwise indicated

Barley 111pe 1981	97.7	+ 1
Beer (CH.)	116	+ 3
High Anzani	151	+ 3
Whitbread (P.)	70	+ 3
Crude Oil	65	+ 3
Crude Sees.	129	+ 7
Crude	115	+ 7
Ass. Mort. Realty	775	+ 40
Wire	31	+ 3
Wire-Hattersley	164	+ 3
On. Rides. & Inv.	49	+ 3
Johnson Smith "A"	92	+ 7
Johnson Smith "B"	92	+ 7
Johnson Smith "C"	92	+ 7
Johnson Smith "D"	92	+ 7
Johnson Smith "E"	92	+ 7
Johnson Smith "F"	92	+ 7
Johnson Smith "G"	92	+ 7
Johnson Smith "H"	92	+ 7
Johnson Smith "I"	92	+ 7
Johnson Smith "J"	92	+ 7
Johnson Smith "K"	92	+ 7
Johnson Smith "L"	92	+ 7
Johnson Smith "M"	92	+ 7
Johnson Smith "N"	92	+ 7
Johnson Smith "O"	92	+ 7
Johnson Smith "P"	92	+ 7
Johnson Smith "Q"	92	+ 7
Johnson Smith "R"	92	+ 7
Johnson Smith "S"	92	+ 7
Johnson Smith "T"	92	+ 7
Johnson Smith "U"	92	+ 7
Johnson Smith "V"	92	+ 7
Johnson Smith "W"	92	+ 7
Johnson Smith "X"	92	+ 7
Johnson Smith "Y"	92	+ 7
Johnson Smith "Z"	92	+ 7

U.S. heading for biggest annual trade surplus

BY JUREK MARTIN U.S. EDITOR, Washington Dec. 26

The United States will record its biggest-ever trade surplus this year, in marked contrast to last year's \$2.4bn. deficit. Last month alone, exports exceeded imports by \$1.1bn.

This brings the surplus for the year to date to \$10.6bn. and makes it an absolute certainty that this year's performance will eclipse the record \$7.1bn. of 1964.

This represents both good and potentially worrying news for the Ford Administration.

In domestic terms, the trade figures have proved in the last six months to be the one consistently bright spot in an increasingly cloudy economic picture.

With his management of the economy bound to be under attack from both the Republican Right and the Democratic Left in next year's elections, President Ford may be able to make some political capital from this record.

On the other side, however, lies uncertainty.

Imports

First, the Administration's economists believe that this level of surplus cannot be maintained and that the rise in non-oil imports already evident in the statistics could well bring the U.S. back into the red by the middle of next year.

Secondly, the recent strength of American foreign trade, which has fortified the overall balance of payments and lifted the value of the U.S. dollar, makes it more difficult for the U.S. to obtain the sort of equitable deal it wants in the present trade negotiations in Geneva.

It certainly adds to persistent foreign complaints that the U.S. is not doing enough to assist the industrialised world in pulling itself out of widespread international recession.

Of the trade statistics themselves, once again the most intriguing item concerns oil imports. Across the board, exports have risen 9 per cent, so far this year against a 5 per cent. increase in imports.

However, in November, imports of petroleum fell by nearly \$80m. compared with October. This means that for the first 11 months, the U.S. has imported 1,950bn. barrels of oil (against 2,020bn. in the same period of 1974) with a value of \$22.8bn., only \$500m. higher than last year.

At the same time, non-oil imports are continuing to pick up, led by the machinery and car sectors.

It is this trend, evident for the last three or four months, that economists feel will erode the trade surplus next year, assuming a reasonable level of domestic recession.

It is precisely this which assumes enormous importance in an election year. After the great leap forward of the third quarter of 1975, when GNP forged ahead by 13.2 per cent, the economic outlook has gone rather sour.

TU-144 first—but it's freight only

MOSCOW, Dec. 26

THE SOVIET Union today became the first country to inaugurate a regular supersonic air service.

A Tupolev-144 left Moscow's Domodedovo airport shortly before noon and touched down one hour, 58 minutes and 1,900 miles later at Alma-Ata, capital of the Central Asia Republic of Kazakhstan. After a brief stopover, the craft returned to Moscow. The flight was the first of a scheduled twice-weekly service between Moscow and Central Asia for "Concordists," so called because of its resemblance to the Anglo-French Concorde—from its droop nose and delta wings to its similar seating capacities, speed and range.

Snow in Kazakhstan forced a 24-hour postponement of the first flight, originally scheduled as a gala Christmas Day occasion.

The aircraft run carried only freight and mail—as will all the TU-144 flights until June at the earliest.

Recently, Mr. Nikolai P. Bykov, Deputy Minister of Civil Aviation, spoke of "some unresolved questions" about the TU-144. These were the reasons why, he said, the aircraft initially would fly over relatively unpopulated areas between Moscow and Alma-Ata.

Western aviation experts say it could be that some more fundamental problems remain to be ironed out of the aircraft, a prototype of that which crashed at the 1973 Paris Air Show, killing 14 people.

Michael Donne writes: The Anglo-French Concorde starts fare-paying passenger services to Bahrain and Rio de Janeiro on January 23.

Although no reason is given for the Soviet decision to use the next few months only for freight and mail flights it is believed in the West that there is no intention of overhauling this other than that the Soviet aircraft's flight test programme is not yet completed.

The test programme was delayed as a result of the Paris accident. It is probable that the Soviet authorities of airlines and manufacturers want to be completely sure that the modifications they have made to the aircraft since then are satisfactory before clearing the aircraft for passenger service.

Communists 'arrested' in Syria

BY MICHAEL TINGAY IN CAIRO AND IHSAN HIJAZI IN BEIRUT

THE SYRIAN Government has arrested 300 leading Communists who objected to the regime's links with the U.S., according to nearly identical reports published in three Cairo newspapers yesterday.

The reports said that Mr. Khalid Bakdash, the leader of the Syrian Communist party, which is represented in the National Progressive Front coalition government, had escaped abroad. A Syrian government spokesman has denied these reports.

The newspapers, Al-Ahram, Al-Akhbar, and Al-Gomhuriya, claimed that President Hafez Assad was so angry at the escape of Mr. Bakdash that he ordered the arrest of the head of the party's Damascus department at the Ministry of the Interior and the director of Damascus airport security.

There have recently been indications that dissent within Syria has been on the increase. In April about 100 members of the Ba'ath Party Congress were arrested prior to the elections for the party's Regional Command. It was feared by the regime that they were opposed to President Assad's policies.

In the past few weeks visitors to the Syrian capital have had the impression that elements within the Government establishment want to embrace the regime because of its rapprochement with the West in general and with the U.S. in particular. Syria resumed diplomatic relations with Washington after the October 1973 war, following a rupture dating back to 1967.

Attacks

There are reports that there were bomb attacks on the homes of a number of Communists in the northern Latakia district a week ago. President Assad and some of his closest advisers are Alawites, although the majority of Syrians are Sunni Moslems.

If the reports of arrests are true, the Communist Party members of the 30-man National Progressive Front might be expected to leave it, which would not please the Soviet Union—Syria's principal arms supplier. However, President Assad may calculate that since Syria is the USSR's last remaining major ally in the Middle East, the East bloc would not like to see Syria's regime swinging towards the U.S.

James Buxton writes: Despite the Syrian denial and the fact that the reports were published in Cairo, which hardly can be considered impartial, it is quite possible that some kind of purge has occurred. But it would probably be a mistake to assume that a major shift has taken place with implications for the Middle East peace-process.

Even minor changes of Syria's external position have been accompanied by agonising strains within the highly complex and in Syria body politic. If Communists have been arrested it might be because of their opposition to an agreement reached between President Assad and Lebanese Premier Rashid Karame earlier this week, which is thought to have included a promise that Syria would restrict arms supplies to Left-wing groups in Lebanon.

Arrests could equally have been made to protect King Khalid of Saudi Arabia, a staunch anti-Communist, on his visit to Syria. His support is crucial to the Syrian government, both for the money which he pours into the Syrian armed forces and for the weight his government can bring to bear in the rest of the world.

Bank loan rates may not follow drop in MLR

BY MICHAEL BLANDEN

A FURTHER fall in the cost of money is indicated now that the Bank of England's minimum lending has fallen by 1 per cent. to 11 1/2 per cent.

This fall which came on Wednesday and is the third in less than two months, has been widely expected in the money market. It is uncertain, however, whether it will signal any cut in the general cost of bank loans to the general public.

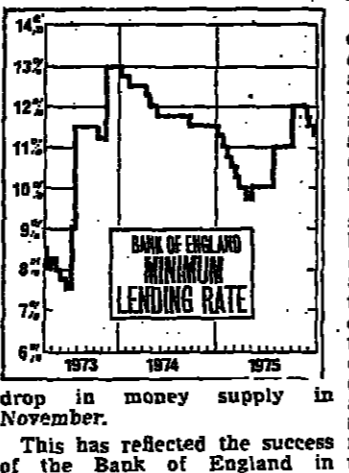
Commenting on the change, Mr. George Burnett, general manager of domestic banking at National Westminster Bank, said that the modest fall in MLR was just one of the factors looked at when considering the level of the bank's own base rate. The bank he said, would be keeping its base rates under close review.

The fall in MLR appears to be quite acceptable to the Bank of England. There is at present no real worry about the position of sterling, in spite of recent indications that the decline in interest rates in New York may have reached its bottom.

The differential between interest rates in London and the U.S. remains at over 4 per cent. an historically high level, which is selling gilt-edged securities to finance the Government's borrowing requirement. In the last few weeks this has continued, with rumours in the market that the authorities might decide to bring out a new stock in the low-coupon area— attractive to high tax-payers—and a high-coupon stock to replace the existing short "tap" stock.

On Wednesday the pound was quite strong in limited foreign exchange dealings, with its average depreciation from December 1971 levels unchanged at 30.2 per cent. but with a slight improvement against the dollar at \$2.0250, a rise of 10 points.

The drop in MLR is the third since the big banks put their base lending rates up to 11 per cent. in October, which means the rate of 13 per cent. for loans to highest-quality "blue-chip" customers. The banks point out that the increase only partly compensated for an overall rise of 2 per cent. in MLR in July and October, and that the recent trend of rates in the short-term money markets has tended to be upwards.



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SAVE & PROSPER GROUP

Pernas set for London Tin bid

BY MARGARET REID, RECENTLY IN KUALA LUMPUR

PLANS ARE now far advanced for Pernas Securities, the Malaysian state-owned concern, to make a takeover bid in conjunction with Charter Consolidated, the big mining finance group, for London Tin Corporation, the world's largest tin mining company. Pernas at present has a 20 per cent. holding in London Tin.

Tengku Razaleigh, who heads Pernas, the instrument through which Malaysia is seeking to acquire larger stakes in overseas-controlled businesses operating in the country, is expected in London this week-end.

The price to be offered for the 30 per cent. holding in London Tin owned by its largest shareholder, Singapore-based Haw Par Brothers International, has still to be settled. Partly because Haw Par is not resident in the U.K., the takeover terms envisaged for the bulk of the London Tin shares probably would not be appropriate for its interest.

Informal talks are under way between the respective London merchant banking advisers to Pernas and Haw Par, N. M. Rothschild and Sons and Guinness Mahon, to try to settle this matter.

Transfer

A close interest is being taken in the plans for the future of Haw Par's London Tin shares—worth over £9m.—by Mr. Jimmy Goldsmith, the new chairman of Slater Walker Securities. Mr. Goldsmith, who recently took over from SWS from Mr. Jim Slater, was in Singapore last week negotiating with the new Haw Par Board about the disputed £14m. (\$29m.) loan his group has outstanding to Haw Par and is due to resume the talks in the New Year.

ON OTHER PAGES

FEATURES	10	Home News	9	Share Information 12 & 13
Restrictive practices	11	How To Spend It	10	Stock Ex. Summary 12
Services	11	Labour Movement	10	SE Week's D'Tings 14 & 15
The Boat Show	11	Collecting Watch	10	Taxation
Post Office problems	11	Commodities	10	Travel
		Company News	10	TV and Radio
		Crossword Puzzle	10	Unit Trusts
		Entertainment Guide	10	Wills & Probate
		Finance & Family	10	Year Savings & Inv.
		FT Accurates Indices	10	M & C
		FT Clipper Race	10	Lawson Securities
		Guinness	10	Save & Prosper
		Golf	10	Travel

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New York

No real rally

[illegible]

Your savings and investments

Prospects for bonuses

BY ERIC SHORT

THE BONUS season will soon be here in earnest, the first swallow appearing in the form of Provident Life announcing unchanged rates for both reversionary and terminal bonuses. But the early days of the New Year will, by tradition, see the main flock arrive, so perhaps now is the best time to consider what investors desire from the bonus system of traditional life companies.

In the first place they expect that the basic reversionary bonus rates are at least maintained. It was on this basis that most life policies are sold and the warning that future bonus rates are not guaranteed usually appears in small print in the promotion literature.

So I was interested to see that the principle of stabilising reversionary bonus rates was emphasised in a recent paper given at the Institute of Actuaries. However, the proviso was added that this should hold in the absence of a sustained or substantial change in experience—investments or otherwise. Therefore, I feel it reasonable for policyholders to expect at the very least unchanged reversionary bonus rates and possibly some modest increases.

But the lesson of LifeGuard, which this year has passed its bonus rates because of financial troubles, comes as a salutary reminder that bonuses can fail. The paper also referred to the fact of the large reserves accumulated by traditional life companies in this stabilising process. This should reassure policyholders, especially as bonus rates this year were maintained despite 1974's horrific experience.

Moreover, when one considers terminal bonuses payable on maturity, investment conditions have certainly changed this year—and for the better. Hence reversionary bonuses payable primarily from investment income (and are to large degree insulated from short-term movements in asset values), terminal bonuses are determined largely by the level of the stock market when policies mature.

Most company actuaries cut their terminal bonus rates at a beginning of this year following their poor 1974 experience. Only a very few stored these cuts, either

wholly or partially, during the year, so the inference is that they were awaiting the year-end before taking action.

Therefore, investors can hopefully expect at least a partial restoration in terminal bonus rates early next year. The National Mutual has already announced a 50 per cent. restoration from January 1. The paper put forward the principle that policyholders should receive at maturity a "fair share" of assets held against the contract, including the unrealised capital appreciation.

Planning for school fees

ANOTHER SCHOOL term has just ended, but over the next few days parents will be receiving the bill for next term. After the astronomical rises of the past few years, the Inde-

pendent Schools Information Service tells me that increases are slowing down to about 5 per cent. per term. The need to plan in advance becomes more apparent when the fees bills come rolling in. Therefore parents thinking of private education for their newly born offspring might well be interested in a booklet recently published by a specialist in this field—C. Howard and Partners.

The booklet is concerned solely with savings plans designed to meet fees that are due some time ahead. The main investment vehicles are life assurance policies—traditional and unit-linked—and the 1975 Finance Act provisions on claw-back of tax relief on early surrender mean that the maximum advantage comes from these plans if they have at least 10 years to operate.

The main schemes operated by the company are those where

regular sums are set aside each year. The main plan is one where a level amount is invested each year in a series of policies in such a way that mature or are cashed in each year as the fees become due. C. Howard lay special emphasis on making certain provision towards future inflation in the level of fees provided. Failure to do this can result in parents having to make quite high additional topping up payments to cover the inflationary shortfall.

In this respect C. Howard offer a low start savings plan whereby the outlay increases each year reflecting the ability of parents to pay more each year as earnings rise. But interested parents should note that the start level is still comparatively high. The final main scheme described is where a capital sum can be combined with regular payments to meet fees.

New role for trustees

BY CHRISTOPHER HILL

NOW THAT Save and Prosper has revealed that its Save and Prosper (Jersey) Commodity Fund pulled in around \$1m. at one go, it seems probable that other fund management groups will want to join the select band which have set up shop in the commodities field. But there is still a strong emphasis being placed on the professional nature of the investment in commodities—S and P reckons that most of the money came from institutions via stockbrokers.

What they are all trying to do is to underline the safety aspect of these funds; and one of the touchstones of respectability is to have a custodian trustee who also happens to be an eminent clearing bank. But one of the firms involved, Commodity Analysis, which runs the Commodities and Options unit trust from the Isle of Man, reckons that the prospective custodian trustees need to have a hard look at what their responsibilities as trustees might be if they acted for a fund which really played the commodities markets on the up and the downside as opposed to just buying physical stocks to hold.

This seems to have a certain validity because to be custodian trustee of an offshore fund investing in commodity futures is not really quite the same thing as acting as trustee for a U.K. unit trust with all the rules laid down by the DoT. First there is the question of valuing contracts in the commodities market and second there is the difference that if a commodity broker handling business fails there is no recourse to any rescue fund—the client bears all the risk.

The attitude of the banks which are currently acting as custodian trustees is that they are really acting on the same lines as with U.K. authorised unit trusts—looking at the prospective managers to see if they measure up to "respectable" standards and trying to impose investment limitations within the terms of the trust deed.

But I feel that although the custodian trustee of a Jersey-based fund is only really the holder of the assets (or a list of the assets), the mere possession of a well-known clearing bank's name is to the managers a powerful selling point when

it comes to creating confidence. Commodities funds are not the same as unit trusts and the banks should exercise the utmost discretion before they consent to act as custodian trustees—going beyond the small print in the contract. In the absence of DoT safeguards for commodities funds, the main bulwark against malpractice is a recognised trustee and it will be a good thing if this is a necessity for every prospective fund. But the trustees must realise that they cannot just shrug their shoulders if things go wrong at the very least they should make sure that the risks are made clear in any prospectuses.

THE LATEST of the books from FT Business Enterprises will be coming out in January: "Savings Flows in Europe: Personal Saving and Borrowing." This is written by Professor Jack Revell of the University College of Bangor (Institute of European Finance) and sets the U.K. in the context of other European countries—an exercise on which there has always been a paucity of statistical information.

Savings flows

The book (price £50) is too detailed to examine fully in those pages but, looking especially at the chapter on the effects of in-

flation on savings, I found one of the most interesting tables was the international comparison of personal savings as a percentage of disposable incomes, between 1960 and 1972 where the U.K. appears as an undoubtedly poor performer averaging between 5 and 6 per cent. compared with 10 and 13 per cent. in France, for example. But the book warns against crude international comparisons (the U.K. investor is more predisposed to house-ownership) and says that there was a watershed in the second half of 1973 when personal savings started to rise as a precaution against disaster.

Changing rates

BY TOM KYTE

AFTER the steep rise in interest rates during most of 1974 it is not surprising that this year has seen a modest and erratic reversal of that trend. Perhaps the most notable victims of the 1975 decline have been the local authority yielding bonds (where the return slipped from 13 1/2 per cent. to 11 1/2 per cent.) and bank deposit accounts where the rate has dropped roughly 21 points over the year to 7 per cent. Elsewhere the extent of the downturn has been less dramatic with building society rates easing back half a point to 8 1/2 per cent.

Of course the level of interest rates is not the only criterion which an investor should use when deciding where to place his money. Another consideration which is just as important is his tax liability. For the standard rate payer, the building society deposit account rate still has obvious advantages since the building society itself pays tax on the interest up to the standard rate. But this form of investment gives little advantage to either the nil tax payer or the high rate tax payer. Where the nil tax payer is con-

cerned local authority loans have substantial attractions as do the benefits provided by the National and Trustee Savings Banks investment accounts which return a gross 9 per cent. For the higher rate tax payer National Savings Certificates, offering an annual 7.6 per cent. after being held for four years, look one of the best bets.

The two index-linked products launched by the National and Trustee Savings Banks midway through the year are the new forms of investment which have been devised to appeal to all classes of tax-payer. These are the Retirement Income National Savings Certificates (available to 65 year-olds and over) and the SAYE plan. The former annuity, see his investment grow to £1,974 at the end of five years.

RETURN AT THE FOLLOWING RATES OF TAX

	No tax	35%	45%
Bank Deposits	7.0	4.6	2.5
Bank Term Deposits	11.1	7.2	3.9
Building Society Deposits	6.75	6.75	3.6
British Savings Bonds			
cashed in before 5 years	9.5	6.2	3.3
Local Authorities 1 year	11.425	7.55	4.08
National Savings Investment Account	9.0	5.9	3.2

Someone to blame

BY CHRISTOPHER HILL

GIVING A talk at a seminar recently on the characteristics of the institutional investor, I thought that I would try to give the audience a thumbnail sketch of the more obvious trademarks. And, considering the trend towards indirect investment and the enthusiasm for share exchange schemes, the sketch is worth repeating here because it varies in some slight respects from the usual public image of an omniscient father-figure, backed by huge technical resources.

With few exceptions, the institutional investor is not an investment wizard, but an ordinary mortal whose main aim is keep up with or to be slightly ahead of the crowd. He probably earns a large salary by normal standards, has a large house of the mock-Tudor variety (bought on a low-cost loan) and can expect a substantial pension. He is also likely to have been home-grown in his own institution and, especially with banks and insurance companies, this tends to be a sheltered environment where the trainee investment manager can be carefully in-



culcated with "house" patterns of thought.

Except in the smaller unit trusts (where investment performance is an important characteristic) this inevitably leads to a conservative attitude and there is usually a fair consensus of view by institutional investors on where the stock market is heading. But they really have no more idea than

the individual investor who reads the newspapers. The difference is that whereas the individual can move quickly once he takes a decision, the institutional investor is sitting on large piles of money and has to be careful not to be left too far behind. This was most evident at the beginning of 1975 when the bulk of institutional investors were suddenly caught up in the rush and found stock in short supply. Many were left with egg on their faces trying to take up "rights" issues at the same time as their annual reports (already at the printers) were extolling the virtues of cash and painting a gloomy picture of the equity market.

So the message for the individual is not to expect too much from the institutional investor, but to think of him as a man (or woman) who wants to hold the job down and play the favourites (as recommended by stockbrokers). This might not always produce spectacular results but it is likely to outperform tips at the golf club over the long-term and there is always the extra bonus in having someone else to blame.

Taxation

Testing the allure of havens

By JOHN CHOWN, Taxation Correspondent

UX PLANNING does not, or at least should not, involve any measure of secrecy or non-disclosure. In the English-speaking world, we make a distinction between "tax avoidance" and "tax evasion." The first involves a sophisticated use of tax provisions to produce an answer more favourable to the taxpayer than was perhaps intended by the taxing authority. Tax evasion involves concealment with intent to fraud the tax authorities.

Tax avoidance may involve extremely ingenious and contrived manoeuvres designed to turn the law on its head. It is tax planning, though, need not involve such manoeuvres. A rational businessman is in business to make a profit and a rational investor seeks to preserve and enhance his capital.

Both make, or should like, his calculations in terms of after-tax profits. If where, as here, the tax law provides for generous allowances to encourage investment, the businessman buys a new machine which would not justify itself except for the tax concession, he is tax planning; but is not in any way avoiding his legal liabilities and indeed is reacting to a concession in a way that the legislature presumably hoped it expected he would react to. (This view may be over-dramatic as the recent Treasury announcement directed against leasing partnerships shows.) The individual who is indulging in tax planning rather than tax avoidance.

The borderline between tax avoidance and tax evasion is fairly easily identified. If, in the course of a discussion of a particular scheme, someone can only counter an objection to it by asking "how will they find it?" it is likely that the line

into evasion has been crossed. If there is a call on bank secrecy, it is fairly certain that there is a question of evasion. Normally, and in an ideal world, I would advise people that not only should they not evade their taxes, but should not use hard-core avoidance methods which might be provocative to the Revenue authorities of the country concerned.

However, provocation works both ways and there is another borderline, easier to recognise than to define, between taxation and confiscation.

It is one thing to be civilised about tax rates of up to, say, 50 per cent. It is another matter when investment income is taxed at 98 per cent. especially when the income which is taxed is purely spurious and the real rate of return, taking account of inflation, is negative even before tax.

With tax planning, as with anything else, the first need is to define the objective. Quite often, someone asks me if it is possible to set up a company in the Bahamas, a trust in the Cayman Islands, or a foundation in Liechtenstein. When you ask why, they generally say, "Oh, to save taxes."

Only rarely is there a pure piece of tax advice that one can give: such as that a particular contract should be taken in a foreign company rather than directly. More often one has to change the substance as well as the form of a business or investment transaction. The problems of setting up a wholly owned Bahamian subsidiary may be intractable or, after some cross-examination it emerges that a joint venture with someone in another country would make rather good commercial sense and one can hang a tax planning solution on to that.

The important thing is to get the client to think in after-tax terms.

There are four main ways of using a tax haven. It can be for income creation, income diversion, income extraction or income accumulation. The simplest technique is to cause a profit to arise in a tax haven by actually carrying on business there. The best places for these activities are not necessarily the places with the lowest general level of taxation. Tax holidays, capital allowances and soft loan facilities in countries which otherwise have high taxes can also be very attractive. Examples include the Republic of Ireland and Puerto Rico.

It is not often, in practice, possible to manufacture in one of these favoured locations.

Generally the real profit centre will be in a country which has a fairly high rate of tax. Can these profits be diverted away from that country? The simplest technique of income diversion is cross-invoicing. You have a manufacturing company in the U.K. which wishes to exploit a new market in the U.S. Instead of selling directly, it might sell at \$9 per unit to a Bahamian company which would then resell to the ultimate customer for £10 per unit.

If there are sales of 100,000 units per annum, the effect is to reduce the profits in the U.K. by £100,000 (worth \$48,000 after corporation tax) and to create tax free profits of £100,000 (but outside the exchange control net) in the Bahamas.

This sounds splendid, but there are, of course, a number of booby traps. First, the company may be deemed to be "controlled and managed" not in the Bahamas but in the U.K. If all it did was to maintain a brass plate and have a couple of local lawyers as dummy directors, it is asking for trouble if the decisions are taken in the U.K. or some other high tax country. The board of directors must meet and management decisions must be both made and seen to be made in the Bahamas, or at least outside the U.K.

The second and related danger is that the Bahamian company might be deemed to be "trading within" the United States or other country where it makes its sales and be liable to tax there. Even when the tax haven company is neither "controlled

and managed" nor "trading within" a high tax country, its commercial relationships with associated companies may come under Revenue scrutiny. For instance Section 485 of the U.K. Taxes Act 1970 (as recently strengthened) give the Revenue power to look behind transactions at artificial prices between companies under common control. In this context "control" does mean voting control by shareholders and the recent U.K. amendments mean that it is no

longer possible to argue that a "51/49" joint venture" is not under common control as a "51/49" venture "between the same parties." This limits the scope for setting up a sales subsidiary in a low tax area, under-invoicing goods to it, and having it sell on at a tax free mark-up to the ultimate customer.

An unusual provision in the U.K. tax code prohibits, under criminal penalties, certain international transactions including "the transfer of the trade, or any part of the trade, of a U.K. company to a non-resident" unless prior Treasury consent is obtained. (This consent is quite separate from a requirement to obtain Bank of England consent under the Exchange Control Acts.) This rule may make it difficult, if not impossible, for a U.K. company which is exporting direct to transfer its export trade to a Bahamian subsidiary. It applies specifically to companies and not to trades carried on by individuals or partnerships. U.K. individual residents contemplating starting a new overseas company and getting it trading before setting up a U.K. company specifically to carry on the U.K. aspects of the trade.

Another constraint of particular interest to U.K. residents is exchange control. This is not normally withheld for genuine commercial transactions but individual investors may find their activities limited to the Channel Islands, the Isle of Man and Gibraltar.

Where a tax haven company very broadly defined,

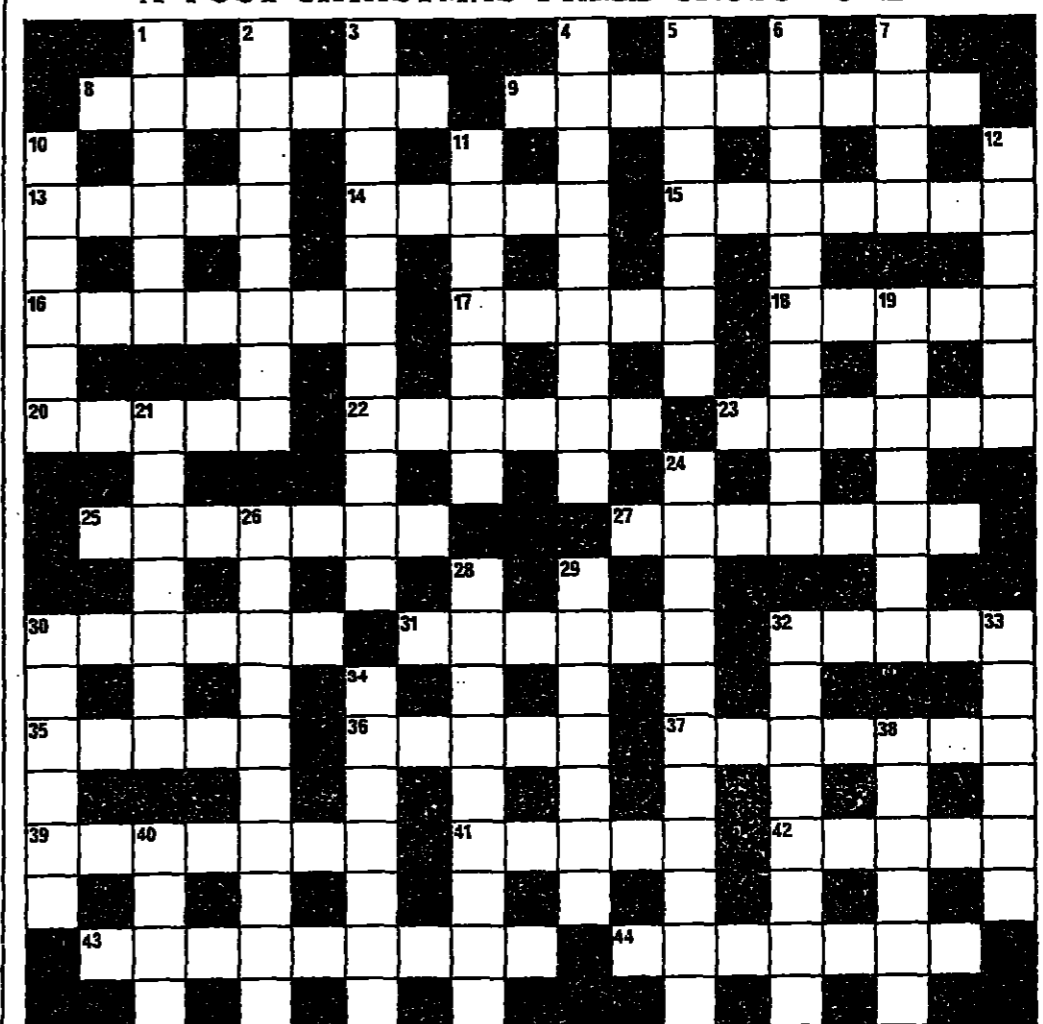
has a subsidiary or associate which is clearly "trading within" a high tax country and therefore earning profits which are within its tax net, the tax charge could sometimes be reduced by "profit extraction", arranging for payments of interest, royalties or management fees to be made from the high tax country to the lower tax country. Naturally all countries have anti-avoidance legislation of varying degrees of effectiveness to prevent undue use of this technique. Latin American countries in particular tended to regard all management fees, or even fees to consulting engineers, as a distribution of, rather than a charge against, profits.

Double tax agreements affect the ways in which dividends, interest and royalties extracted from third countries are taxed. For example, if an American company pays royalties to a Dutch entity, there is no withholding tax. If interest is paid to a shareholder resident in a country which imposes no tax and is not a party to any double tax agreement, withholding tax will be at the full rate of 30 per cent. An inventor wishing to license an American manufacturer, or an author receiving royalties from an American publisher will, if he lives in (or transfers rights to) the Bahamas, suffer withholding tax on his royalties at 30 per cent.

So far I have dealt with the problems of so arranging matters that profits or income arise in a tax haven entity and are kept out of the touches of the Revenue authorities in the country of source. Overcoming these problems, and creating a Bahamian company which is fattening itself nicely at a minimum tax charge, may avail you nothing if the U.K. or other country of residence then argues that the income is really yours after all and that they are going to tax you on it.

The main U.K. provisions in Section 478 Taxes Act 1970, which imposes a charge to tax on a U.K. resident who has "power to enjoy" the income of an entity. This Section is drawn in the widest possible terms — any summary of it would be misleading. Although there must be a "transfer of assets" to bring the Section into play, this can be a transfer between two non-residents. The term "power to enjoy" is also

A POST-CHRISTMAS PRIZE CROSSWORD



A prize of £5 will be given to each of the senders of the first five correct solutions opened. Solutions must be received by next Thursday, marked Crossword in the top left-hand corner of the envelope, and addressed to The Financial Times, 10, Cannon Street, London, EC4P 4BY. Winners and solution will be given next Saturday.

Name
Address

Across
8 Restriction for oriental doctor taking ship (7)
9 A feature in the finish arousing affection (9)
13 Inflection is not in common parlance associated with tea (5)
14 "Even to the — and forehead of our faults" (Hamlet) (5)
15 Lading scrap round about (7)
16 Petition for divine favour not so much in public transport (5, 2)
17 Public schoolboy can be a philosopher (5)
18 Distinct reference to a dam (3, 2)
20 Measure for a girl to follow (5)
22 I offer them shortly in the same place (6)
23 August feast to beat mother's (6)
25 Bunting signals the return of many in the port (7)
27 Ship for carrying treasure—possibly all gone (7)
28 The bird includes a pious wish to dance (4, 2)
31 The company finds the fellow convincing (6)
32 West Indian here without a bean (5)
35 The goddess was a match for everyone (5)
36 Victory sign it is little credit to dance (4, 2)
37 A friend finds the City unprofessional (7)
39 One unit for the résumé (3, 4)
41 Entered the metal casting (5)

Down
1 Control shown by police in Ireland (6)
2 Includes the unpalatable and the socially incorrect (13, 5)
3 I got elastic for one self-centred (11)
4 Where golf champions play—there is no secret about it (2, 3, 4)
5 "Let patience have her — work" (James) (7)
6 Scrap that costs nothing (4, 3, 3)
7 Is there any objection if I put a bob on the horse? (4)
10 A string of horses can be relied upon (6)
11 His obvious reply to this was "paleface" (7)
12 Slice in the county (6)
19 A doctor in his spell of duty—can you beat it? (7)
21 "Such — as would have won the ear of Pluto" (Milton) (7)
24 Retired teachers must be experts (11)
26 Approval from Paris and Bonn sets the council in pass messages that are out of this world (5, 5)
28 A stop on the river for one who makes a settlement (8)
29 More than a dozen, less than a score—the trouble period (7)

30 Found at Lords and there is one in the town (6)
32 Cautious about the buy cleaner (8)
33 Makes buy a trader and keeps baby warm (6)
34 The youngster gets up to look — it's a shame (7)
35 Go wrong and get a commission (8)
40 Sounds a rogue but is found in church (4)

SOLUTION TO PUZZLE No. 2961

Following are the winners of last Saturday's prize puzzle.
Mr. H. Cavill, 17 Westfield Avenue, Yeovil, Somerset BA21 3DG.
Mrs. E. A. Cluer, 7 Princes Drive, Oshott, Surrey.
Mr. J. C. Towle, 6 Selsey Avenue, Sale, Cheshire.

CROSSWORD SOLUTIONS
Across
8 SHIP
9 LOVE
13 TEA
14 EYES
15 ABOUT
16 PRAYER
17 BOY
18 DAM
20 GIRL
22 PLACE
23 MOTHER'S DAY
25 MANY
27 TREASURE
28 DANCE
31 FELLOW
32 WITHOUT
35 MATCH
36 CREDIT
37 CITY
39 RESUME
41 CASTING
Down
1 POLICE
2 UNPLEASANT
3 ELASTIC
4 GOLF
5 PATIENCE
6 SCRAP
7 HORSE
10 HORSES
11 PALEFACE
12 SLICE
19 DOCTOR
21 PLUTO
24 EXPERTS
26 APPROVAL
28 STOP
29 DOZEN

Finance and the family

Recovering the premium

BY OUR LEGAL STAFF

My wife and I, who have reached retirement age, are thinking of emigrating to Spain, where we already own an apartment worth about £5,000, on which the premium was paid. Is our £20,000 emigration allowance additional to this figure? How long would any assets above the emigration allowance be frozen?

Since you have already paid the premium on the money spent on your apartment in Spain, the cost would not be included in the £20,000. Alternatively, you might choose to include it in the £20,000, in which case the authorities would consider an application for the purchase of currency at the official rate for resale at the premium rate—effectively enabling you to recover the premium on the expenditure already made.

If you emigrated, any surplus assets would be frozen in the U.K. for four years.

Serving a blight notice

My wife and I own a range of industrial buildings, let on leases for several years. A local plan has been adopted and made available for inspection under S12(3) of Town and Country Planning Act, 1971. Can I issue a blight notice under Part V of the Land Compensation Act, 1973?

Unfortunately your interest does not fall within the definitions of those who may serve a blight notice; consequently you cannot serve blight notices.

Wife resident in U.K.

My husband works here in Malawi for a London company on two-yearly contracts. He does not pay U.K. tax. Next year we go on three months' leave but I wish to stay on longer in the U.K. What happens regarding my husband's tax if I stay longer than six months in the U.K.? If I take a job while at home would this affect his tax (in the U.K.) or would I be classed and taxed as a single person? Your husband's U.K. tax position will not be prejudiced by

If any of your tenants have three years or more of their leases unexpired they may serve blight notices, and you may wish to encourage them to do so.

Operation of the premium

For many years I have held Gulf Oil Ordinary stock, the certificates being held by my bank in London. If I sell them at the price quoted on the Stock Exchange, shall I be affected by the premium?

Foreign currency securities quoted in London are priced at a level which includes the investment currency premium. As a U.K. resident, you would receive the current market price including the premium, but you would be subject to the 25 per cent. surrender rule. Under this rule, you would be required to use a quarter of the sterling proceeds of the sale to buy investment currency at the going premium, for resale for sterling at the current official spot exchange rate. The result would be, therefore, that you would in effect lose a quarter of the premium included in the current London market price.

Maintenance of a drain

The main drain for my house goes under my neighbour's land to an inspection cover and then to the roadway. The deeds state that maintenance

is your own actions. If you become resident in the U.K., for income tax purposes, while your husband remains resident (only) in Malawi, then broadly speaking you will be entitled to be taxed as a resident single woman (feme sole). There are two free Inland Revenue booklets which you will find helpful: "Residents and Non-Residents—Liability to U.K. Tax" (IR20, with a supplement) and "Taxation of Foreign Earnings" (IR25). These are available from most Tax Inspectors' offices and no doubt a friend over here, or your husband's employers,

could get copies for you. Alternatively, but probably not quite so quickly, you can obtain copies by post from the Chief Inspector of Taxes, New Wing, Somerset House, Strand, London, WC2R 1LB, or any tax office with which you may already be in touch.

No premium for residents

I am ordinarily resident in the U.K. but at present am employed in Holland, though I make frequent week-end visits home, and my employer and I contribute to British national insurance. Can I buy shares in Holland out of my earnings and obtain the premium?

Though you have remained technically resident in the U.K. for exchange control purposes, the fact that you would be buying foreign currency securities out of earnings abroad would mean that you would not be paying the investment currency premium on their purchase. They would not therefore qualify for the premium on sale.

Purchase of a coat

Last spring I bought a musquash coat but left it at the shop for storage. Shortly after the shop wrote and offered to make me a mink coat at about double the price instead. I agreed, but when I tried it on it was unsatisfactory and after further delays I cancelled the order. In spite of that I have now been told the mink coat is again ready for fitting. Must I take it, or must I take another musquash coat for the money I paid, can I have my money back, or what?

If you returned to the U.K. the securities would still not be premium-worthy. If, however, your period of employment abroad was three years or more, the securities would rank for premium under present rules after two years following your return.

Legacy to next of kin

I am advised by a solicitor that I had been left a gift of £1,000 under the will of a relative whose next of kin I was. (a) I asked for the will but was told I could get a copy from the District Probate Registry, but no address was given. Where do I apply?

(b) As the deceased's house was my home for many years I should like to know what value was placed on many of its contents and whether in fact they were there. Can I? (c) What can I do about the contents which belong to me? (a) You can apply to the Principal Probate Registry at Somerset House, Strand, London, WC2R 1LB, or to any of the district probate registries. (b) Your only course is to apply to the executor and/or the general legatee for the return of your property. (c) If your only interest in the estate is as a pecuniary legatee we doubt if an account would be ordered in your favour. Such an order would be the effective means of checking on the valuations and otherwise on the administration of the estate.

TV rental and VAT

I signed a three-year agreement for a TV set in October, 1974, for a fixed sum of £70 a year, with no provision for any variation. When the renewal fell due I was asked to pay VAT at 8 per cent, and the authority to charge this was claimed to be S.I. 712, of April 28 last. This order, I maintain, was intended to cover the increase in VAT and does not authorise the imposition of a charge at the old rate. Do you not agree? While we cannot advise definitively without seeing the contract in full, we think that your analysis is correct and the attempt to add 8 per cent. to your rental charge is not justified. In the absence of statutory provision—and the Order No. 712 of 1975 is not sufficient to cover this—and of some express terms in the contract, the company cannot unilaterally revise the charges under a contract for hire at a fixed charge.

No legal responsibility can be accepted by the Financial Times for the accuracy of the information in this column. All enquiries will be answered by post as soon as possible.

The precise nature of your obligations will depend on a careful examination of what was said by and to you on the occasions of your purchase of the musquash and of your placing the order for the mink and of your seeking to cancel that order. The likely position is that the musquash is yours, and you could not have back the money you paid for it unless it has been resold; and that the mink order has been cancelled by agreement without further liability on either side. It must be emphasised that this is only a tentative view in the absence of a full exploration of the oral statements made at the relevant times.

Winning the jackpot

With reference to your reply under the heading "Winning the jackpot" (September 13) do you think that it would be possible to avoid any C.T.T. consequences by every member of a football pool syndicate, putting his name on the coupon before despatch? We think that your suggestion should resolve the problem, at least where the administrative burden is not too great.

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Insurance

Nasty news

BY JOHN PHILIP

THIS SATURDAY morning, while the carcass of the turkey remains in the fridge and all the other material manifestations of Christmas surround us, I hope I may be forgiven for writing about such unseasonable subjects as the Policyholder's Protection Act, indemnity and under-insurance, solvency and premium increases. Though, if I may not be forgiven, my advice is to stop reading now—and turn to more escapist columns, such as bridge or gardening.

In the last few weeks the majority of motor insurers have announced increases in their rates for private motorists mostly in the 12½ per cent. to 17½ per cent. range—but the renewal notices that will start arriving as soon as the Post Office recovers from its Christmas break will show a much greater mark up than this on last year's renewals. This is because the current round of motor premium increases is the second to be announced this year: it is the combined effect of the two together, averaging around 35 per cent., that must be faced.

Before you complain too bitterly, remember that virtually all the other services you buy have risen by this kind of percentage in the last 12 months—that if you are able to buy any article or service at the same price now as you paid this time last year you are in real terms getting a discount of 30 per cent. or more.

Motor car insurance rates, like most other prices for consumer goods and services, are subject to governmental control. A dozen or so large insurers, covering in all about half of the private motorists in Britain, have to get the agreement of the Department of Trade to their increases, while the rest have to prenotify the DOT.

All have to be able to justify changes by reference to agreed criteria and formulae. But the DOT's duty is not only to act as a watchdog on motor insurance premium increases. With more than one backward glance at the number of motor insurance companies failing a few years ago, the DOT must be just as much concerned to ensure that insurers do not become insolvent by getting too little premium for the risks they insure. The department is just as anxious as insurers are themselves, to see that the rates

insurers charge are adequate enough to protect policyholders from the risk of failure of their chosen companies. This brings me to the Policyholder's Protection Act, which received Royal Assent in mid-November. The Act provides for the establishment of a statutory body—the Board, consisting of two members, appointed by the Secretary of State for Trade, of whom at least three must be drawn from the management of insurance companies, and at least one must be qualified to represent the interests of policyholders. The Board is already in being.

The Board's duties arise when an insurance company goes into liquidation—and it will get its money by levies raised on the premium income of the failed company's competitors. There are to be separate levies for "general" business (such as motor, household and personal accident) and for "long-term" business (including life, pensions and permanent health). Neither levy may exceed 1 per cent. of the premium income that is liable to levy in any one year.

One per cent. you may say, is not very much, and that insurers can easily afford it, if ever they are called upon to pay. But take 1975—I doubt if more than a few motor insurers will have had the good fortune to make even 1 per cent. of profit, while most will have made a loss. So the possibility of that 1 per cent. levy must figure in the calculations that insurers have made in determining their prices for motor insurance in the opening months of 1976. Because motor insurers are the custodians of large public funds raised from private individual contributions, it is you and I who must now begin to pay for the statutory protection we have demanded and obtained.

Morever it is on these sums insured that insurers charge their rates, which remain in the 10p-12½p per cent. for build and 20p-25p per cent. for contents, as they have some decades. So anyone who did not revise his household insured diminishes the sum which insurers need to pay claims. In the past year or thereabouts have increased not just by inflation but also because of the growing incidence of crises, which has falterer in the private sector.

One complaint against insurers who increase sums insured (albeit with an option policyholders to refuse the increase) is that they are engaged in inertia selling. But how can insurers be constrained to pay for the statutory protection we have demanded and obtained.

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Chess

Hastings prospects

THE ANNUAL Hastings New Year Congress which begins on Monday looks a potentially fascinating struggle between the visiting grandmasters and Britain's improving group of young players. Hastings is the world's oldest regular international, held first in 1895 and annually since 1920.

"Potentially" is an operative word since at least two of the grandmaster tournaments in this country in recent years—Hastings 1972-74 and the recent Alexander Memorial in Cleveland—have been spoilt by too many short, colourless draws in under 30 moves allied to indifferent home results.

Organisers do try to invite players known for fighting chess, and they are simply unlucky on occasions such as the Alexander Memorial when the U.S. grandmaster Karpis, previously with a good record for positive play, drew every game.

But in my view Hastings and Cleveland ought now to adopt the format which was so successful in London this summer of offering part of the prize money for games won rather than for points scored.

Nothing could increase public interest in Hastings next week as much as a British success. Perhaps, with the rising young masters Miles, Stean and Nunn in the field, this will come at Hastings 1976 anyway; but I should like to see a less amateurish approach to preparing our players for major international.

An overdue innovation at Hastings and Cleveland is provision in the congress budgets for the cost of a dossier of overseas opponents' known opening systems and styles of play, and for a trainer to help the British masters with difficult adjustments. The recent Alekhine Memorial in Moscow took this professional approach to an extreme; all eight Russian grandmasters had coaches to help them.

Who will win at Hastings? The favourite is easy to name: Viktor Korchnoi (USSR), world No. 2 after Fischer's retirement, will be eager to establish himself as a live contender for the next round of world title competition with a good performance.

The real question is whether the young British players, all under 30, can make inroads against the second-line grandmasters. My forecast: 1. Korchnoi, 2. Hort, 3. Taimanov and Uhlmann, 4. Miles, 5. Benko, 6. Jansa, 7. Keene and Sosonko, 8. 10-12 Matara, Savon and Stean, 13-15 Hartston, Nunn and Sigurdsson, 16. Bellin.

Finally, a reminder that spectators are welcome at Hastings (entry is by programme at the White Rock Pavilion); there is play, with the grandmaster games demonstrated on wallboards, each afternoon from December

29 to January 15 except for January 1, 7 and 14. There is little room for a game this week, but here is a typical example of Korchnoi's resourcefulness which will be so dangerous to his Hastings opponents. The winning move at the end comes just as his opponent apparently gains control of a useful open file.

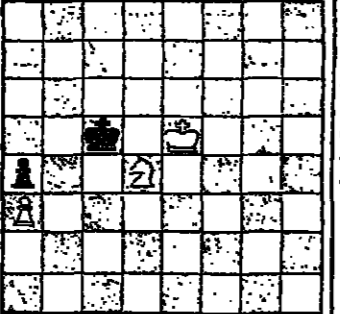
White: C. B. van den Berg (Holland). Black: V. Korchnoi (USSR). Opening: Modern Benoni. Wijk aan Zee 1971. The opening moves were 1. P-Q4, N-KB3; 2. P-QB4, P-K3; 3. N-QB3, P-B4; 4. P-Q5, P-K3; 5. P-Q3; 6. N-B3, P-KN3; 7. N-Q2, B-N2; 8. N-B4, Q-Q; 9. B-B4, N-K1; 10. Q-Q2, BxN; 11. PxR. Sharper is 11. QxR followed by queen's side castling with a dangerous attack for White.

12. P-QN4; 13. N-N2, B-N2; 14. P-N3, N-Q2; 15. B-N2, P-B4; 16. P-B5; 17. QR-K1, N(2)-B3; 18. P-KR4, Q-Q2; 19. P-K4?

18. P-B3 is better, but White has missed the hidden point on move 22.

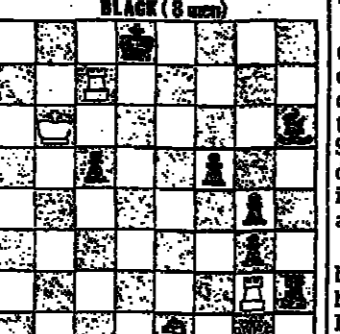
19. P-P; 20. BxP, NxR; 21. RxN, N-B3; 22. R-K6, NxP; 23. R-P; 24. R-R1; 25. Resigns. If 23. RxN, QR-Q1 wins.

POSITION No. 94



According to a Russian magazine, White (to move) stayed up half the night analysing before he worked out the winning method in this endgame. Heavy weather of a simple position? Try it for yourself.

PROBLEM No. 94



White mates in three moves, against any defence (by O. Wurzburg, American Chess Bulletin 1939).

LEONARD BARDEN

Solution page 3

Bridge

From Greece with love

BY E. P. C. COTTER

The International Bridge Press Association and Bols, the well known Dutch company which manufactures liquesurs, have launched the Bols Bridge Tips Competition. My hands today come from an entry in this competition by American "Ace", James Jacoby.

In the Aeneid the words of Laocoon—timeo Danaos et dona ferentes—were intended to warn the Trojans against admitting the wooden horse into the city, and Jacoby's two hands are concerned with the theme of the suspect Greek gift. The first example comes from a team-of-four final in America:

With North-South vulnerable, South dealt and bid one heart. North said two diamonds, and raised his partner's rebid of two hearts to four hearts. The French West led the two of clubs to the Ace, and East returned the four to the King. West now cashed the Ace of spades and continued with the six, which gave South food for thought. Was it a Greek gift? West had given by releasing the spade Ace? He must have hopes of taking the setting trick in trumps.

So, winning the spade with his Queen, the declarer led the Knave of hearts, which West covered with the Queen. This thought South, must be another Greek gift. No player of West's calibre would cover with a Queen either singly or doubly guarded—he must have started with Q 9 x x. The declarer came to hand with a diamond and led the trump eight, letting it run when West played low. Excellent play by South, but what about West?

If at trick three West leads a diamond, South will not be alerted to play the trumps as he did. Even if he does play the Knave, West can cover this time with safety. South can get back to hand with a diamond, run the eight of hearts, and cash the ten, but he cannot get back to draw West's last trump. He will either lose two spade tricks, or West will make a ruff.

Perhaps this was not a *donaum Graecum*, but un cadeau francais!

This was played by Bobby Wolff for America in the World Championship:

N ♠ K 8 5
♥ K 10 3
♦ A Q J 3 2
♣ J 7

W ♠ A 10 6
♥ Q 9 6 2
♦ 8 6
♣ K 9 5 2

E ♠ J 9 4 2
♥ 5
♦ 9 7 5 4
♣ A 10 8 4

S ♠ Q 7 3
♥ A J 8 7 4
♦ K 10
♣ Q 6 3

With North-South vulnerable, South dealt and bid one heart. North said two diamonds, and raised his partner's rebid of two hearts to four hearts.

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Architecture

Low profile for high rise

BY H. A. N. BROCKMAN

WHETHER THE NAMING of 1975 as European Architectural Heritage Year did or did not provoke a surge of interest in new-building and in conservation, it is perhaps true that we are all now a little more concerned with the basic controversy.

Newspapers have given much more space to planning matters concerning the fate of buildings both in town and country, and radio and television have been almost generous with their time.

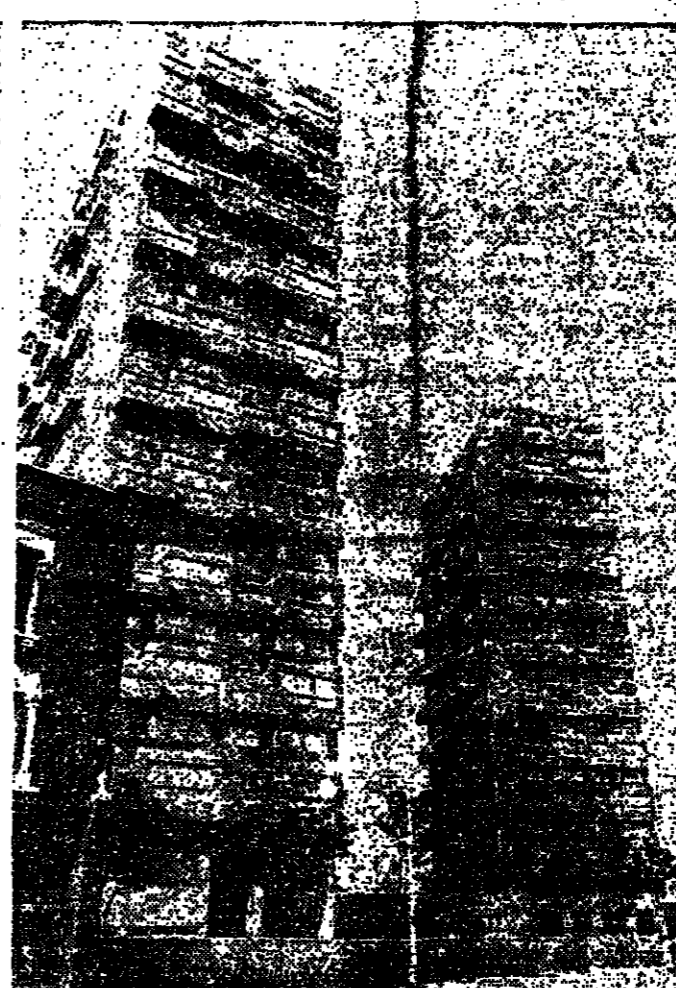
Throughout the sixties there was an almost hopeless apathy, which while ineffectively complaining about the "concrete jungle" allowed so much to be torn down and replaced by high buildings, both commercial and domestic.

Architects were blamed almost exclusively, but no blame was given to those who commissioned them. Much thought had been given before Roman Point (in fact ever since the end of the Second World War), to the problems of "mixed development" in housing, but local authorities were tempted by commercial building systems and promises of speedy construction, with the minimum of architectural participation. The Roman Point disaster frightened them into thinking again about the supposed benefits of extreme high rise. The freeing of ground areas, for instance, these, having been freed have, in most cases, resulted in ill-used deserts of uncontrolled play areas.

And so the pendulum has for the moment come to rest at a far more rational point where the justification for both low and high rise and the proper distribution of both can be more calmly re-assessed.

During this last year the whole problem, extending through the entire province of architectural design, has been aired more thoroughly than at any time since 1945. This airing has been seen to be effective in new projects which, in any case, were mostly hatched several years before completion.

There were the splendid efforts of Darbone and Dark at Lillington Street in London, which sparked off a real interest among London housing authorities in providing neighbourhood homes near the ground, warehouses and other commercial buildings and translating



block which, for childless couples and for single people is still welcomed by tenants, but it shows something which has become evident during this last year that there is more than one answer to a problem.

Looking at the commercial scene, the continued insistence on the maximum use of space producing the lowest price per square foot has at last shown some modification, wherein the client has seen the attractive benefits of far more attractive use of ground level approaches sometimes by means of well landscaped covered reception gardens financial returns as early criterion of good architecture.

The matter of conversion has played a very considerable part in the public mind. Numbers of architects, have brought down many ill-conceived projects by persistent insistence that there is a heritage not only to conserve but to build upon by a more humanitarian



Rooms with a view: "... pendulum has for the moment come to rest at a far more rational point, where the justification both low and high rise and proper distribution of both can more calmly re-assessed. L. Flats at Kensington in So London. Above: Roman Point at the collapse.

approach to the things we have over centuries crystallized into a human environment. The danger now is from over-enthusiasm who can bear to see anything destroyed and replaced that is more than about fifty years old. Discrimination in these matters is a delicate matter. There is a present considerable struggle going on to preserve a Victorian warehouse of 1877 in Northampton. It is by all criteria a landmark of Victorian architecture, and its destruction would be a great loss. It stands beside the Carlsberg Brewery and is owned by them, but its value as a structure in the historical sense is surely questionable, compared with such major monuments of the period as St. Pancras Station or other mighty tributes of the Victorian era.

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Motoring

Disappearing ladies

BY JAMES ENSOR

MOTORING CALENDARS, like other aspects of the motoring scene, have been suffering from the recession. The plethora of glossy prints of gorgeous half-dressed women which competed for space in the tyre fitting bay—or more frequently, the managing director's office wall—have shrunk to a handful. Pirelli, after ten years at the top of the motoring calendar league, decided to end its series on a high note. Avon has also stopped its calendar, which in recent years, was beginning to rival Pirelli in artistic taste and subtle display. Michelin, which being a serious-minded company headquartered in Clermont-Ferrand, never sank to showing girls on its calendars, has also apparently stopped its beautifully produced series of boating, collecting and fine art calendars.

As far as motoring calendars are concerned, that leaves a pretty small field. British Leyland's Unipart, spare part dealer, which had the bright idea of sending its annual calendar in bi-monthly instalments to provide a continuous reminder of its products, continues.

So does Avon, through its Motorway Tyres and Accessories subsidiary, which has produced a calendar for 1976, in very much the same tradition as some of the earlier Pirelli and Avon productions. But for the 1976 seems likely to be a distinctly non-vintage year for years in the tyre-fitting bays.

The Motorway Calendar, which looks like being the best of the 76s, follows the now familiar pattern of showing girls, partly dressed or undressed, shown off in carefully constructed and contrived situations. The sets alone apparently took anything from a day to a week to build and now beautifully imaginative 12th themes. The whole runs vaguely cinematic, with a girl casting couch in one month, girl playing with conjuror's rings in another, and a naked mistress sitting together stumbles in a third month. The cure which most of the model girls, themselves regarded as the most successful in the calendar, however, shows a very disproportionate young lady lying on a 1920s-style bra, which she has found in an old junk store in a loft.



Avon Motorway Calendar

For those who think that Pirelli is still unrivalled as the motoring calendar, there is a source of endless nostalgia in "The Complete Pirelli Calendar Book" which has been produced as a Pan paperback with an introduction by David Niven.

As Mr. Niven explains in his note: "When I heard that the denizens of Pirelli's own boardroom had suffered a traumatic lapse and decided to discontinue the making of their calendar, I was appalled and wrote to the Chairman of the Board telling him so." The result was that he was signed up to write some words for Pan to put with the pictures, and, as always, he has done it with a rare, dry wit.

The pictures, themselves—and that after all is what calendars are all about—shows just how much styles and attitudes have changed in the past decade. In 1964, Pirelli took one model to Majorca, and showed her mostly in rather revealing bikinis. The most daring shot, I suppose, is a fairly conventional nude, upper lip-proportioned young lady lying on a 1920s-style bra, which she has found in an old junk store in a loft.

The next year in the South of France is little different, except that one-piece backless suits mostly replace the bikinis, but in 1966 in Morocco, with three or four girls begins to set the Pirelli style. Close-ups, shots from odd angles, girls in wet suits and girls in diaphanous bras and panties shows a pattern which is continued and strengthened in 1968 in Tunisia.

By 1969, Pirelli had branched out to Big Surf, California, a year remembered for the close-ups of lips, coke bottles, ice creams and cigarettes shown in telephoto close-up. With the 70s, the Bahamas, and Jamaica show a succession of girls, lying in surf, sitting by the water by moonlight or waiting aimlessly in the sun and the first real nudity appears in the calendar. 1972 is Paris with thinly disguised mesdames waiting patiently for custom, in filmy, French underwear. 1973 was the wild Pirelli, with black plastic and red plastic, spurs and teeth gripping a steering wheel but 1974 took us back to the Seychelles with women in close-up again, but this time without a bikini to be seen.

The Arts

Figaro at the Met

BY ANDREW PORTER

The Metropolitan Opera's new *Figaro*—the first brand new production of the season—is not much of a performance. Stewart Bedford conducts, swiftly, unyieldingly, unfeelingly. Robert O'Hearn's scenery is unattractive but serviceable. Like several other recent *Figaro* designers, he has aimed to show more of the palace than just the immediate rooms of the action: a corridor in Act 1, a terrace in Act 2. It gives a sense of intrigue, mounting through the place but blurs the sharp focus of the scenes and spoils, by anticipation, what should be some sudden entrances. In Act 4, *Figaro* designers often come unawakened through a garden with two corresponding niches, usable should be easy enough to achieve. Mr. O'Hearn settles for an arrangement of oversized fireguards, which catch the follow-up—the Met's basic system of lighting—when characters duck behind them.

Günther Rennert's production is firmly laid out on conventional lines but lacks any sharp definition. Its main innovation—in Act 2, the Countess sets out to seduce Cherubino—is tasteless, and untrue to the character of the woman who has just sung "Forgi amor." Social distinctions are blurred because the Count and Figaro, Wolfgang Brendel and Justino Diaz, seem curiously interchangeable. In his wailing, the former is like a young Ochs. (A young-up Octavian would be more appropriate.) The best singing comes from Frederica von Stade, as Cherubino, though she is less well supported here than by John Pritchard at Glyndebourne or Karajan at Salzburg. Judith Blegen's tones are too small and narrow for Susanna but otherwise she is altogether delightful, a complete actress and musician in all her inflections, in every alert gesture and glance. Evelyn Lear essayed a Countess in the grand manner, but her voice would not do what she asked of it.

The edition is "old style"—hundreds of missing appoggiaturas, no cadenzas or graces; holes in "Dove sono", high Cs for Susanna, not the Countess, in the Act 2 trio (given the respective voices, this was wise); traditional order for Act 3 (not the persuasive Moberly-Rauburn revision, which has been accepted by both London houses, Glyndebourne, Salzburg, and the New York City Opera). The publication of *Figaro* in the Neue Mozart Ausgabe sent me back to the edition of the autograph—much of it as is available (Acts 1 and 2 are in Berlin—there is a microfilm here—while Acts 3 and 4 have still to emerge from their wartime refuge in Poland). And I find that I owe readers of this page an apology for having drawn some deductions, in the past, from earlier scores

based on that autograph but, as I now discover, not accurate representations of it. When the missing stretch of *Figaro* becomes available again, many problems should be solved (such as where to set the opening scenes of Act 4).

Rita Hunter sang her first *Norma* in San Francisco and favourable reports filtered back. Then she sang the role in New York, and was patted. Unfairly, in my view. She sang all the notes (except the rising appoggiatura at the end of the "Guerra" chorus—and that always seems to be left out), and she sang them definitely, firmly, surely, and often grandly. She looked massive—a "Norma" Norma—perhaps the expressiveness of her eyes did not project into the huge spaces of the Met. But (I heard a tape of the San Francisco show) there was a difference between the West and the East Coast performances. In San Francisco, she had a conductor, Carlo Felice Cillario, who gave the music time to breathe, who allowed the phrases to be shaped eloquently. In New York, Gianfranco Masini (who can be so permissive when he accompanies Caballé) beat through the score with a rigid, insensitive hand. Miss von Stade was a lustrous Adalgisa, John Alexander pretty much of a blank as Pollione, and John Macurdy a sonorous Orovoso.

While London has four "serious" daily papers and then three on Sunday to provide a spread of informed newspaper criticism, in New York there is just the New York Times, so it is rough luck on a performer if the Times does not happen to like her. It did not like Miss Hunter's *Norma*, and it did not like Régine Crespin's *Carmen*—her first performance of the role on stage. (She had recorded it before, for Erato). I did. One reason was that, not having encountered a French *Carmen* since, in my student days, Solange Michel at a Opera-Comique, I found it a delight to hear the text so beautifully declaimed. Mme Crespin was alluring not in any obvious thrusting way but for the elegance and finesse with which she turned the phrases and her simple yet subtle acting. With a glance of her expressive eyes and perhaps a lingering touch on a consonant or a sudden flick of impudent tone-colour, she achieved effects that hip-swinging *Carmen* strive for in vain. The voice flowed with a beautiful, dark shine; only the higher notes were frayed.

James McCracken's José was noble. He handles the music more flexibly, more lyrically, than in 1972, when this production opened and the DGG recording was made. He was powerful,



Justino Diaz and Judith Blegen

poetic, and very moving. Micaëla (Lucine Amara) and Escamillo (Matteo Manuguerra) were so-so: time of writing, the management pulled out, leaving his protégé the conductor, Henry Lewis, was poor. Elektra has been revived, with Danica Mastilovic making her local debut in the title-role. Teresa Kubiak and Leonie Rysanek (said to be in fine voice)

alternate as Chrysothemis, and later, a major revival of *Fidelio* (Lucine Amara) and Escamillo (Matteo Manuguerra) were so-so: time of writing, the management pulled out, leaving his protégé the conductor, Henry Lewis, was poor. Elektra has been revived, with Danica Mastilovic making her local debut in the title-role. Teresa Kubiak and Leonie Rysanek (said to be in fine voice)

Golf

A slip from glory

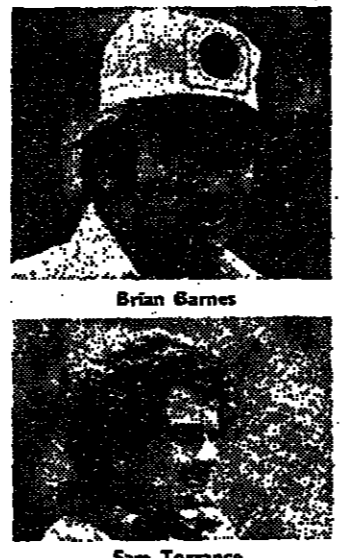
BY BEN WRIGHT

ANY REALISTIC REVIEW in world terms of British golf achievement in 1975 can only involve castigating the majority of our professionals. An 18-year-old lad, Nick Faldo, has—with the exception of the splendid Scottish victory in the European team championship—conducted virtually a one-man amateur band. Only discrete silence can cloak the mostly miserable efforts of our women golfers, amateur and professional, but that is nothing new. The fact that we are slipping, ignominiously out of contention as a world class golfing power can hardly have escaped the attention of even the most chauvinistic, so my review of the season will be an intensely personal one, gleaned from journals in a well-travelled diary.

If there can be a better start to any British golfer's year than a trip to Tobago for the Mount Irvine Bay Hotel pro-am for two weeks in January I wish someone would let me know. But my most significant memory of the trip this year was the first dawn training run organised by John Fitzpatrick, an amateur golfer but a very professional racing driver. Sam Torrance, the young promising Scottish professional, was among our track-suited squad earnestly aiming at some degree of fitness. It is with no kind of satisfaction that I record that, despite the fact that I am older than Sam's father, I lasted the trip much better than Torrance junior. Gary Player would have some well-chosen words to say about that.

A pro-am brilliantly organised by club manager, David Vansittart, at Vale do Lobo, on Portugal's Algarve coast was February's highlight, in spite of the political storm gathering there at the time. The area is virtually deserted now, as safe as houses, and represents the best golfing holiday value in Europe, if not the world.

Joanne Carner's glorious bunker shot at the 18th hole at the Australian Golf Club, Sydney, which finished stone dead and won this powerful American prettiness the Willis-Tantus Australian Women's Open on March 2 was worth travelling so far to see. And although the journey from there via Dallas, Montreal and New York to Orlando, Florida, for the Citrus Open was an arduous one, it was rewarded by a winning performance from Lee Trevino that is becoming, alas,



Brian Barnes

all too infrequent, as is the amazing grace with which it was achieved. The subsequent first visit to Harbourtown Links on Hilton Head Island, South Carolina, for the Sea Pines Heritage Classic convinced me that this Pete Dye-designed course ranks alongside Robert Trent Jones' Elysian at Saratoga, Costa Smeralda as the best two new courses in the world. At Harbourtown Jack Nicklaus served notice of what was to come: by eclipsing Tom Weiskopf's record 66 with a 63 a few hours later psychologically upstaged his great rival two weeks before repeating the decisive dose at Augusta.

If Nicklaus's one iron shot to the 15th green in the last round of the greatest Masters was the finest shot I have ever seen, struck with that club, Jack's towering two iron shot 260 odd yards from the left rough to the 18th green at Royal Montreal in the Canadian Open in late July—after Jack had hooked his drive into the lake—was every bit as phenomenal. Justice has no place in golf, but it was seen to be done when Weiskopf made his glorious par four at the same hole to tie with an exquisite little pitch from the deep rough to the right of the green, and then placed his seven iron second shot no more than a yard from the first play-off hole for the sweetest revenge over his fellow novice at Columbus, Ohio. On May 4 there was Brian Baras sprinting from the Press room across the lawn and putting green at La Baulie, of this next week.

Versailles, when I told him he had but two minutes to spare before his final, victorious round in the French Open. And how typically courteous it was of partner Neil Coles to drive first instead of Barnes so that the big fellow could get back his breath as he tied his shoelaces. For me this victory for Barnes was far more significant than his two triumphs over Nicklaus at Laurel Valley, Pennsylvania, in September when the Ryder Cup was no longer at stake. In passing, my brickbat of the year to this golf club for trying, and thankfully failing, to bar the players' decorative wives from their clubhouse during a dreadfully one-sided fixture.

Moving on from Versailles to Ballybunion provided the most complete contrast in every way, not least in the heartening performances of the youngsters in the increasingly popular Aer Lingus Schools' Team Championship run in conjunction with the wonderfully selfless officials of the Golf Foundation. In quick succession one fitted from Holliswell, Nottinghamshire, and another triumph for youth in the mature shape of Sandy Lyle in the Brabazon Trophy to steamy Memphis, Tennessee, and another easy victory for veteran Gene Linder. This most popular and gentlemanly of Americans had supported the Danny Thomas Memphis Classic, whose proceeds go to a local hospital devoted to cancer research, in every year of its existence other than that during which he fought and won his own desperate battle against the disease. It was hardly surprising, then, that 146,100 people turned out over the four days to cheer Gene home—a poignant moment.

To arrive in St. Andrews at its bleakest for the Walker Cup match provided a shock to the system in no way alleviated by the British and Irish performance. And the subsequent combination of weird weather and even stranger events at Medinah—I still find it difficult to believe that Nicklaus dropped shots to par at the last three holes to throw away the title—made the U.S. Open the least memorable of recent experience. But pardon me, I have only reached half term, and not even managed a sideways glance into the crystal ball to come up with some predictions for 1976. More of this next week.

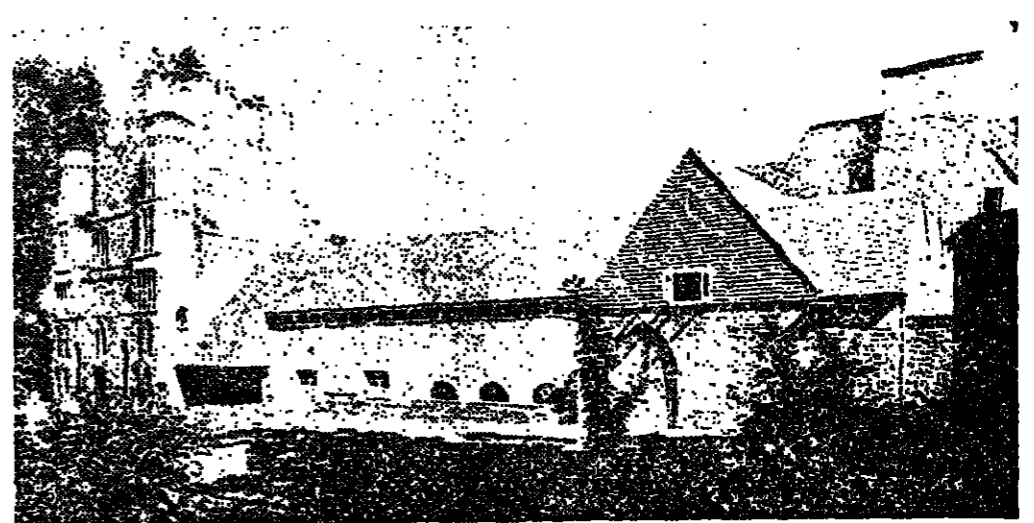
Architecture it is

BY H. A. N. BROCKMAN Architecture Correspondent

Robert Maguire and Keith Murray are two London architects whose work is not so widely known. They together designed St. Paul's Church, Bow Common, some 20 years ago, attracting considerable and appreciative notice at the time. Recently an exhibition of their work was held at Bielefeld in Germany and this has now come to the Institute of Contemporary Arts in London where it will remain until January 6.

Among the exhibits are photographs of extensive additions to the ancient St. Mary's Abbey at West Malling, Kent, the present home of Anglican Benedictine nuns where new living quarters, a church and a cloister have been sensitively grafted on to the medieval ruin. The additions are simply handled in materials that closely match the colour and texture of the old work.

The illustration shows the new western range between a Victorian addition and the Romanesque tower of the original abbey building. The long strip of windows underneath the eaves lights a corridor which connects with a range of cells; behind this is the cloister court. "We are interested," say the architects, "in building for people, not for producing 'Architecture'." Nevertheless, architecture it is.



Additions to St. Mary's Abbey, West Malling

The Magic Flute

BY GILLIAN WIDDICOMBE

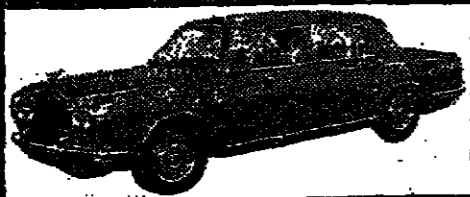
Moderate singing, a delightful flat-footed panto dragon who died with lollipop eyes rolling, three boys in a balloon, with orange berets and shiny Swedish complexions: gentle snow falling. A cosy decline, this *Magic Flute* film, in the directing talents of Ingmar Bergman; and a waste of an opera to which the film medium could have added unusual dimensions. However, the film was, in effect, a 50th birthday tribute to Swedish Television.

Bergman chopped and changed his conventions. The overture consisted of close-up studies of his audience—without expression, save for eyes gleaming with anticipation—in which I found strong racist undertones. And once or twice, he returned during the performance, to the innocent optimism and wide-eyed enrapture of a young, very Swedish six year old. Act one began as a stage presentation, and surreptitiously moved to film set and location later on. Rather a mish-mash I thought, but less contrived than some more glossy opera films. He solved the interval problem with some humour: a short pause during which we saw the cast in their dressing rooms, each doing his own thing—Sarasato delving into the vocal score of Parsifal.

The opera was sung in Swedish, tively phrased Pamina from Irma Urrila; an acid, but accomplished Queen of the Night from Birgit Nilsson; an agreeable Papageno from Hakan Hagegard. The musical performance was Utrik Gold's Sarastro looked enjoyably unremarkable, and ungentle and imposing, but sounded remarkably enjoyable. The as though he had one. Distant ladies dominated. A clean, attractive orchestra.



Hakan Hagegard



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How to spend it

by Lucia van der Post



1. Who's who?

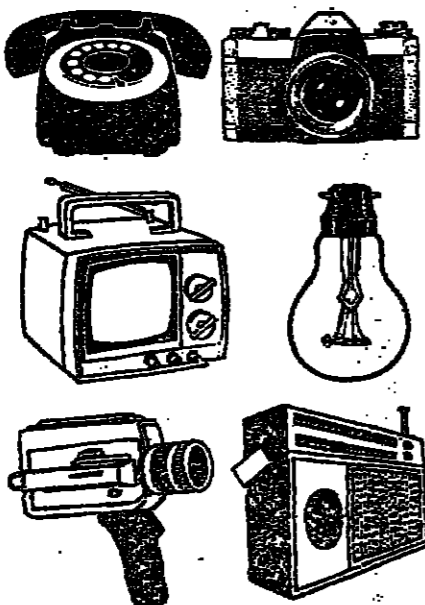
Pictured here are six actors who are well known for their portrayal of famous detectives in fiction. But which authors created these characters? And which actors took the parts in television or cinema? You are invited to solve the mystery. The authors, actors and detectives are listed together with two strangers who are present merely to confuse the trail. Each has been given an identifying letter. Fill the correct letters into the space above the picture of each actor to indicate his name, the character he portrayed, and the author.

Character
A Sherlock Holmes
B Inspector Maigret
C Lord Peter Wimsey
D Paul Temple
E Father Brown
F Hercule Poirot
G Simon Templar
H Philip Marlowe
Actor
J Roger Moore
K Albert Finney
L Peter Cushing
M Rupert Davies
N Ian Carmichael
P Kenneth More
Author
Q G. K. Chesterton
R Leslie Charteris
S Georges Simenon
T Dorothy L. Sayers
U Agatha Christie
V Sir Arthur Conan Doyle



2. Who invented what?

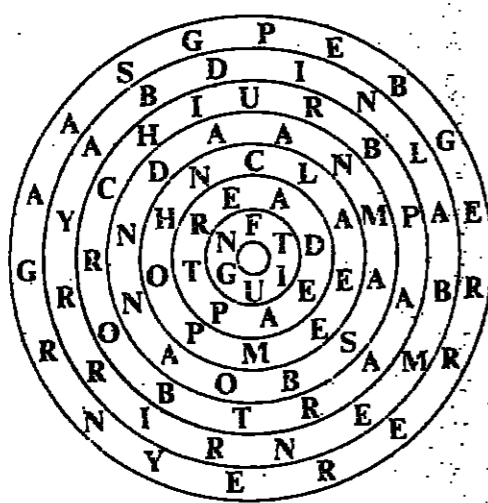
Here are six items we take for granted to-day, but do you know who invented them? You will find their creators below, with three extra names included to make your task a little more difficult.



Thomas Alva Edison
George Eastman
Michael Faraday
Guglielmo Marconi
John Logie Baird
Sir Robert Watson-Watt
Alexander Graham Bell
William Friese-Greene
Alessandro Volta

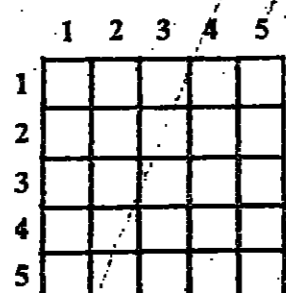
3. Round about

By taking alternate letters from the clock-face or anti-clockwise, find the names of the fruits in each of the seven circles. Start them from the outside working inwards.



4. Word square

Use answers to the clues in this little read across and down. Constricted thoroughfare
Merit for tidiness
What's the fuss about?
Russian cloth
Reset the wood



5. Rebus

That piece of music is represented by these cures? (words-10, 5)



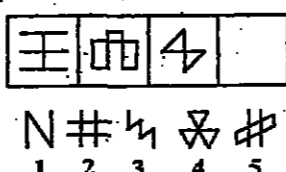
Have Fun and Win a Bottle

So many readers write each year to say how much they like having something to exercise their minds after the turkey and the plum pudding, so here once again is a quiz. It's been devised for us by Quiz Digest, the monthly magazine for puzzle addicts, and we think it's varied enough to please most people. We are offering three equal prizes—three bottles of champagne—to the first three fully correct, or nearly correct, entries opened in this office on Monday, January 12th. I hope that even those of you who don't win enjoy doing the quiz and I wish you all a very happy New Year.

Address all entries to: Quiz, How to Spend It, Financial Times, Bracken House, Cannon Street, London EC4P4BY. You should send in your answers on the actual copy of the page where necessary.

6. Picture puzzle

Which of the five numbered figures fits into the vacant square?



7. Brain teaser

If each letter represents a different digit from 1 to 9, what are the values of the letters "a", "b", "c", "d", "e", "f", "g", "h", "i", "j", "k", "l", "m", "n", "o", "p", "q", "r", "s", "t", "u", "v", "w", "x", "y", "z"?

8. Bird chain

Start at the arrowed letter "C" and move up, down or across, but never diagonally. There are eleven British birds to be found, and there will be eight letters left unused. From these you can make another colourful bird.

U	S	H	B	I	I	G	N
R	H	R	O	N	P	E	O
H	R	I	N	W	A	T	N
T	D	B	Y	O	S	W	A
A	C	K	S	W	L	A	N
L	R	O	P	O	R	R	S
A	K	O	J	W	E	A	P
U	C	T	A	Y	S	W	A
C	T	I	T	W	O	L	L

9. Anagrams

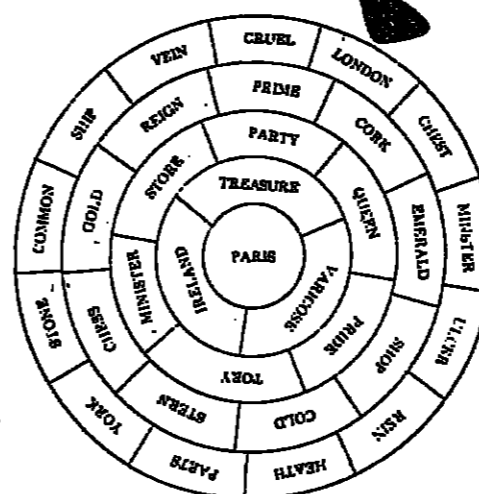
Each sentence below contains a clue to an anagram to be found within it. In each case the answer is formed from consecutive letters in the clue, and the numbers of words and letters in each answer is given in brackets. For example, to solve No. 1 you have to select 13 consecutive letters contained in whole words in the sentence and re-arrange them to form the three-word answer, a clue to which is given in the sentence itself.

- 1 If a tar needs licence to drink blame his ripe accent (3 words, 18 letters)
- 2 You may go in the nude to these parties old son! (2 words, 13 letters)
- 3 A bishop in Hull can be described as clumsy (5 words, 16 letters)
- 4 In which a government may wheel in the RIP contenders (2 words, 13 letters)
- 5 The gear that is said to be horizontal yet its upright (4 words, 14 letters)

10. Journey from London to Paris

Work from the arrowed word (London) to the word in the centre (Paris). You must go through all the words but may go in any order, according to the following rules:

- 1 the next word can be an anagram or synonym of the previous word
- 2 it can be obtained by adding, subtracting or changing a letter
- 3 it can be connected by free association of ideas (for example, lady-luck, good-bad).



11. Short logic problems

- 1 Driving along the M1 the other day I averaged 30 mph for the first five miles, then 60 mph for the next three miles and 90 mph for the final three miles. What was my average speed for the 11-mile journey?
- 2 After Christmas we were left with just about half a box of chocolates to share out. Alice had half the chocolates plus a chocolate. Bill had half the remainder plus a chocolate. Charles had half of what were left plus a chocolate. That left one chocolate over. How many chocolates were there before the share-out?

12. Word search

London Transport underground as we've done with UPNEY, stations and it's a good idea to delete the discovered word from the list. You may use the letters in the diagram more than once, as the words often overlap, but you won't need to use them all. NOTE—If a word appears more than once in the diagram, but important that you encircle each only once in the word list, mark word you find in the diagram, it just once.

Aldgate
Aldwych
Alperton
Angel
Archway
Arsenal
Baker Street
Bank
Barbican
Barking
Bow Road
Brent
Charing Cross
Chesham
Croxley
Debdon
East Ham
Epping
Euston
Fairlop
Hampstead
Hatch End
Holborn
Kenton
Kilburn
Leyton
London Bridge
Marble Arch
Mile End
Monument
Moorgate
Morden
New Cross
Oakwood
Ongar
Oval
Oxford Circus
Perivale

SUCRICEROPXKOLRFTAV
XIDORBCRESTANTSTEAR
YRALNCDKEAFBPTMPLY
NRBLORECEBACCTPDR
EIVAKABNABPRLVLS
XDELNRDNEIRATNEYN
FCAHRCIELXPECTVCO
WDAEINYLAILYPARTY
OENVRGTELEBLBGLR
NNWOLCUTGSEERLADNF
OVICTORIAREPAILLOT
DNCORNOBENTYNDRAOL
EASTYOSSEKYAONGAINRA
CHOTERQUININCCEKEE
PTSRULSUVLONKNCASAC
BSTAKNOTYELBTRINFTB
OAKHNDDEEJUEPTTARV
OEGDIRNODVONLEUPLA
VATFORDNEXCTANNENY

Piccadilly Cir.
Pinner
Richmond
Ruislip
Strand
Temple
Tower Hill

Trafalgar Sq.
Upney
Uxbridge
Victoria
Waterloo
Watford
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Now for the Sales

Speaking personally I don't think I will be able to face a shop for several weeks to come but, for those who are stronger-willed or more determined shoppers, many sales start to-day and there are some exceedingly good bargains to be had. At Bakers of Kensington High Street there are some particularly good bargains in the coat line. There is a big selection of Mansfield coats in very warm wool velour—in fact so warm was this Cape we photographed that our model could hardly be separated from it when the photographic session came to an end. This cape comes in this winter's colours—rust, bilberry or brown—and is reduced from £46.20 to £29.50, sizes 12 to 16. For those still in need of a winter coat Bakers will have a big selection of all sorts. The hat, scarf and mittens are not in the sale, being traditional Arran wool wear from Faldas. The set costs £16.50. The young boy on the right is wearing a very good quality dark green Loden coat, reduced from £18.50 to £13.50. There are coats like this available for boys aged 8 to 16-year-old, as well as pure wool sweaters, reduced from £6 to £3.75. Airtex shirts, slightly imperfect reduced from £3.25 to £1.55. For those who are interested in furniture Maples stores throughout the U.K. will start their winter sales to-day. They will open from 9.00 in the morning and stay open until 5.30 and the bargains in carpets seem to be exceptionally good. If you've always hankered after a proper Burberry (and I always have) Burberry's will have some at greatly reduced prices in their sale starting on Friday 2nd January. For both men and women, lined and unlined, reversible or trenchcoat style, almost all will have big reductions.

Freddie Mansfield



Property and housing

Living space in old settings

BY JUNE FIELD

BUILDINGS ARE for people, rightly declares the Countess of Dartmouth in *What is Our Heritage?* in her capacity as chairwoman of the committee for Heritage Year. She proves her point by illustrating the new uses for such unlikely places as a tannery store in Edinburgh (now 22 flats), prison and police barracks in a Georgian building in Bath (converted to 12 apartments) and a common latrine in Oxford that has had its equipment removed and given a new look as a lecture hall.

While this publication from HMSO, however admirable, is really no more than a pretty picture book (and rather highly priced at £3.50), there are two other current publications which put over more of the blood, sweat and tears of restoration. The *Economics of Conservation*, a business-like booklet by M. E. T. Thornicroft (£1 post free from RICS, 12 Great George Street, Parliament Square, London SW1), although concentrating mainly on commercial premises, also tells some of the story of Swindon Railway Village. Here 300 cottages are being given the full treatment; it is interesting to note that in the first phase, 24 cottages, originally valued at £330 each, were improved for an outlay of £1,700 each, and the cost of providing similar accommodation, using modern construction techniques, would

be approximately £5,500, including immediate external works. *New Uses For Old Buildings* by Sherban Cantacuzino (Architectural Press, £11.95), gives historic details, work done and the cost of prolonged and useful life of structures threatened with redundancy and demolition. Much of it is concerned with buildings that were the product of the Industrial Revolution, which have been converted to shops, restaurants, offices and museums as well as private houses.

Builder Brian Taylor rehabilitated a derelict power house. Originally a squat rather ugly building with the roof falling in, it housed the machinery for supplying the water and electricity to the Avon Castle estate in Hampshire. Now The Old



Heathfield House, Nymtamber Lane, West Chiltington, Sussex, a stylishly restored 4-bedroomed Victorian house with Regency overtones. On offer originally at £48,000, it has been reduced to £39,500 through agents Jordan & Cook, Storrington.

Power House, Chapel Rise, 1½ miles from the market town of Ringwood, has been transformed into an ultra-modern split-level home with six bedrooms (two could be arranged to form a separate unit), five living rooms (including study, hobbies and playroom) kitchen and two bathrooms. The main sitting-room is on the upper level with an impressive black painted steel chimney-piece against a wall of hand-made bricks, plus sliding doors on to a verandah which goes round most of the house.

There is oil-fired central heating and if you are worried about power failure, essential services can be run from a foot long outbuilding and 1 acre of garden, has been reduced from £31,000 to £29,000, and the agent, Pearsons of Frome, says, the first offer of £28,000 secured. Towards the Dorset border, is the Old Post House, in the tiny hamlet of Phoenix Green, Hartley Wintney, four miles from Fleet. This pleasant Georgian house was originally the Post Office and General Stores, which has been converted to provide four bedrooms, two bathrooms, and three living rooms, with gas fired central heating, double garage, and an easily managed garden. £29,500 through Pearsons of Hartley Wintney, Hants.

Also in Hampshire is a stable block converted contemporary cottage-style. The Stable, Chapel Lane, on the edge of the pretty village of Grately, is six miles from Andover; there are night storage heaters in each of the three bedrooms, sitting-room and dining-room, and the kitchen has natural timber units stained red. Price £33,950 through Pearsons of Andover.

A building which presents no problems when it comes to finding a new use for it, is the Victorian village school. The Old School, Buckland Dinham, is three miles to the north of Frome, Somerset; built in 1854, it has the main schoolroom converted to a handsome 35-foot living-room with twin spiral staircases leading to two gal- lered landings. Many of the original features have been retained, such as the stone-mullioned windows, ceiling timbers and so on. There is an adjoining cottage which was used by the schoolmistress, and internal services have been arranged so that the accommodation (five bedrooms, two living-rooms, bathroom, utility room and pottery workshop) could be divided into two units.

The property, which also has oil-fired central heating, a 29-

Collecting wisely

A price on the priceless

BY JANET MARSH

THE MOST absorbing coffee table annuals nowadays are the reviews of the year published in time for Christmas by Sotheby Parke-Bernet and Christie's. Each year the two volumes grow more and more alike. For the first time the price of both *Christie's Review of the Year* and *Art At Auction: The Year at Sotheby Parke Bernet* is the same (£10) and they have practically the same number of pages. Only the format is slightly different, with Christie's book shorter and wider; though Sotheby's fall a point or two behind on reproduction.

Between them they chronicle and illustrate something like 2,000 of the outstanding treasures of art and period that have passed through the sale-rooms in the course of the year. A few of the items may have passed into public collections, but most have vanished again into private hands, often overseas; and it is these fugitive items of which the Reviews provide a particularly valuable record.

They catalogue an astonishing treasure: Modiglianis and Renoirs and Canalettos; Monet's Rouen Cathedral and Turner's "Dark Rigi"; gold and silver and jewels and clocks; furniture made for princes and a 34tre Bentley that crashed in the 1926 Le Mans 24 Hours Grand Prix d'Endurance.

They are items that you might describe as priceless, if they had not had a price firmly planted on them at auction in the course of the year: £4,083 for a Tiffany standard lamp; £40,000 for one of the only two copies of the first printing of the Declaration of Independence still in private hands; £160,000 for Cézanne's "Sept Baigneurs". There have been times, too, in the unpredictable economic conditions of the past 18 months, when prices for the priceless came embarrassingly short of expectations.

In a sale of Impressionist and Modern paintings at Sotheby Parke Bernet in New York at the start of the 1974-5 season, writes Frank Herrmann in his introductory essay to the Sotheby volume, "a snow storm of Camille Pissarro, a Monet landscape, a Degas dancer, a-survive, Sir Antony Hornby, fat Renoir lady playing cards, a rather more demure but familiar type of Renoir lady in a straw hat, were all declared



Amadeo Modigliani, Fillette sur une chaise. Sold in May for a then record £124,000.

unwanted in the space of a few minutes at the beginning of the sale."

Mr. Herrmann is the author of *The English Collectors*, and reminds us that in 1975, 1976 are not so special: the U.K. has been involved in at least eight other major depressions since 1876. He finds some particularly striking parallels between our present situation and the great Depression which began almost exactly a century ago.

Then too the crisis was brought on us by conditions abroad, though while we're hit by dear oil, in 1876 the trouble was cheap grain from America. When hard times began the dispersal of great collections that had been created over many generations, our art treasures were bought by "those very men who had indirectly hastened our own economic decline: the American steel and railroad magnates, French bankers and Ruhr barons. The situation has an extraordinary parallel in the sudden importance of the Middle East and Persia as consumers of works of art, often originating from that area, after the inflow of greatly increased oil revenues began last year."

While there is as yet no serious sign that the present economic crisis is forcing any introductory essay to the Sotheby volume, "a snow storm of Camille Pissarro, a Monet landscape, a Degas dancer, a-survive, Sir Antony Hornby, fat Renoir lady playing cards, a rather more demure but familiar type of Renoir lady in a straw hat, were all declared

this might result from a wealth tax. He argues: "In which case a predict a flood of sales which may be beneficial to the sal rooms in the short run, but which will result in this count being denuded of a vast amount of treasures."

Mr. Herrmann shows that the Depressions of the 1870s at the 1890s produced serious slumps in art prices. The fact who were able to benefit from the situation were collectors with money and taste, who had unparalleled opportunities to pick up treasures at bargain prices.

Currently, at least, there is sign of that either. The 1974 season began reasonably well, but somewhat unnervingly, on either side Christmas, but then after gradual recovery through spring "bounced back to record-breaking form in July and August 1975." Since then the seems to have been no notable faltering of confidence, even the imposition of 10 per cent buyers' premium both major auction rooms.

Mr. Herrmann mentions the revolutions in saleroom practice over the past year. Be Christie's and Sotheby Par Bernet now include with the catalogues lists of estimates-practice first initiated by Sotheby, Belgravia, and a cry from the days not so long ago when salerooms tended to be positively secretive about estimates. Mr. Herrmann is of the opinion that the Press use these estimates: if the price realised goes higher, he says the saleroom is derided for falling below, clearly they have overvalued the piece; and if the price falls within the estimate, it must signify a stagnant market. To be fair the Press as prices are concerned, is mostly brighter than this. As the publication of estimates favours the seller, potential buyers, uncertain what to must pay to secure an item, inclined to adjust their thinking upwards to and beyond a estimate.

The other change, which Mr. Herrmann regrets, is that buyers' names are no longer included in the published list of auction prices. Art historians will not thank the auctioneer for that economy.

Cut price Malaga

REDUCTION is the name of the game in Malaga, too, where, after Barcelona and Madrid, there are the greatest number of foreign residents in Spain. Donaldsons, licensed British estate agents who have an office in Marbella, say that on their higher-priced properties, as offer of anything around 30 per cent less than the quoted purchase price will probably be acceptable. Among the best sellers are the apartments overlooking the water at Puerto Jose Bonus, where there is one at £36,475, only very near offers considered. Walk out onto the balcony in the hot sun of winter's day, and watch the boats come in, and you will understand why. It's an attractive sight.

With the investment premium settled in between 60 and 70 per cent over the past few weeks, good value are the premium-priced properties, such as a one bedroom sea view apartment at Benalmadena, fully furnished and equipped for four persons, £7,500, and a similar one almost on the beach, £6,000. At these prices one might feel inclined to take a chance on political uncertainties. Write to Donaldsons, 70 Jermyn Street, London SW1, for a list which uses the star system, one for an interesting item, two for very interesting, and three for best buys.

The fall-off in Christmas mail spotlighted one of the Post Office's major problems: the danger of price rises being self-defeating. Arthur Smith reviews its difficulties and looks at the task of the inquiry into all aspects of the Corporation's activities

Seeking the stamp of approval

THE MAN most frequently cast in the role of Scrooge this Christmas has been Sir William Ryland, chairman of the Post Office, who resolutely turned down appeals for a special 5p rate for Christmas cards.

The strength of the campaign for a cut-price Christmas post (which the Post Office estimates would have cost £5m. for a gesture no other business in Britain was asked to make) reflects not only frustration at the massive losses piled up by Britain's largest employer but also a basic confusion as to whether the Corporation should be operated as a social service or as a profit-oriented business. This, undoubtedly, will be one of the principal questions for the inquiry now being set up by the Government to review the workings of the Post Office.

The Committee, to be chaired by Mr. C. F. Carter, vice-chancellor of Lancaster University, has an almost open-ended brief, and the year-long investigation will be the most fundamental assessment of the Post Office since it was hived off from the Civil Service and established as a public corporation in 1969.

Though there have been some 14 inquiries into various aspects of the Post Office over the past six years, this will be the first to attempt a comprehensive analysis. The Government decision to initiate a review on this scale was an almost inevitable political response to the public outcry after what can only be described as a fairly disastrous 12 months for the Corporation.

In the spring, there were record increases in post and telecommunications charges, aimed at raising an extra £650m. in the hope that this would restore the undertaking almost back to profitability for the financial year to next March.

But by July, Sir William was announcing that losses were soaring towards the £300m. mark and that a further round of massive price increases was needed in the autumn. The reason the estimates had gone so dramatically awry was that, with Treasury guidance, the Post Office had allowed for 20 per cent a year inflation and a 2 per cent economic growth rate; in reality price increases

jumped to the 30 per cent a year mark and growth came to a halt.

No amount of explanation was enough to still public hostility. The Post Office Users' National Council, in particular, urged a fundamental review rather than just tinkering with the system. A major issue for the Carter Committee will be the relationship between the Government and the Corporation.

Like other State industries, the Post Office has been used by successive governments as another arm of prices and incomes policy. This fact is acknowledged by the sums paid by the Government in compensation for price restraint: £128m. in 1973-74, £307m. last year and £70m. this year. But subsidies on that scale have a debilitating impact upon morale.

More important to management, the fact that taxpayers' money is being handed over as a subsidy is bound to intensify scrutiny by Whitehall and reduce the independence of the Corporation. Price restraint also has a disruptive effect upon demand and investment. On telecommunications, for example, while costs went up by £554.3m. in the four years from 1971-72 to 1974-75, charges were only pushed up enough to yield £228.2m.—a shortfall of £315.1m. Underpricing boosted demand, which the Post Office could meet only by borrowing money to step up investment. External borrowings have risen from £192m. at the end of 1971-72 to well over £500m., with a consequent increase in the debt charge.

Then came the Government about-turn in late 1974, when the nationalised industries were called on to eliminate their deficits as quickly as possible. This meant prices being pushed up drastically. Predictably, consumer resistance at a time of recession has been so great that telephone traffic is expected to grow by only 1 per cent this year compared with 7 per cent in 1974-75 and 10 per cent and more in earlier years.

What all this means is that the normal booms and troughs of the trade cycle have been exaggerated by Government interference, making forward planning virtually impossible. The key question now, of

course, is how the legacy of these problems can best be eradicated. One suggestion, which has powerful support within the Corporation, is that the Post Office should be split into two companies: one dealing with postal and giro services and the other taking telecommunications and data processing. Senior executives are already conscious of the fact that the Corporation, with a staff of 434,000 and an annual turnover of more than £4.5bn., is already suffering from diseconomies of scale. Division would provide shorter lines of communication, and more efficient and flexible management systems, it is thought, particularly as the two principal activities of the Post Office are not only physically fundamentally different but also require different management skills.

Telecommunications is a fast growing technology-based sector with an £80m. a year investment programme; the number of telephones on the U.K. system has increased from 14m. to 20m. over the past five years and further expansion is assured. Posts, by contrast, is labour intensive—75p in every £1 spent goes on staff—and public service traditions are ingrained.

Within the Post Office it is believed that the telecommunications side, freed of Government interference and allowed small but regular price increases, could generate a far higher proportion of its own finance—the self-financing proportion dropped to 40 per cent last year. Such a policy would lighten the burden of debt charges, make the service more independent of Government funds, and still keep rises in charges below the increase in the Retail Price Index.

On the postal side, the social responsibilities of the service clearly pose problems in defining commercial objectives. One idea, considered by POUNC, is the possibility of identifying the socially desirable elements of the service. For these a basic State payment could be made. It is pointed out that the Government and Corporation are able to negotiate agency fees for services such as paying out old age pensions.

This suggestion, practical or not, is, however, likely to suffer

from its similarity to the abortive system devised by Mrs. Barbara Castle for the support of unremunerative British Rail services. It would also meet with opposition from higher echelons of the Post Office, where it is felt that the postal service could still be run as a sound cost-effective operation and at a profit.

The estimated discipline that the requirement to make a profit, or at least break even, would bring is seen as important not only for management control but also for staff morale. The main doubts for the future of the postal service centre on the revenue situation in the wake of two hefty price increases and the problems created by the general economic recession.

The sharp drop in Christmas mail has dented initial optimism. The Corporation expected traffic this year to be down by 12½ per cent on 1974 as a whole, with a 15 per cent fall over Christmas. The estimated Christmas drop of at least 19 per cent proved something of a setback, and has raised the prospect of another price increase being sought.

This, in turn, could mean further problems. The Corporation would delay any application as long as possible, but there are fears that consumer resistance could now be so great that more rises could be self-defeating, with traffic dropping so much that revenue could fall. This means an intensification of the effort to cut costs.

Economies already initiated should save around £80m. in the current financial year. Overtime working has been cut drastically and labour is being used more efficiently—a reduction in staff on the posts side to match the falling level of mail should save £11.5m. After a three-year delay imposed by the postal unions the mechanisation of sorting offices is now going ahead, too, but the financial benefits from this will not be felt until the early 1980s. And even when the ten-year programme has been completed, only a net saving of about 6,000 jobs on posts and 2,700 on parcels can be expected. For, by the nature of the postal service, the scope for labour saving is limited: an additional 500 postmen have to be recruited each year to com-

pensate for longer walks as old terraced housing gives way to semi and high-rise flats.

Among the major areas to which the Post Office is looking for future savings is one quite unconnected with the quality of its service—the £1.1bn. deficiency on its pension fund. Incurred in the main by the way the Treasury funded the scheme before the PO became independent, it has to be cleared over a 20-year period. The charge this year out of revenue is £90m.—a sum whose saving would be the equivalent of a cut of over 1p in postal rates.

With POUNC support, the Corporation is campaigning for this shortfall to be met by the Government.

At the same time, services are likely to be reduced too. Four cuts which the Post Office proposed at the time of its latest price increase were delayed by the Government, but discussions are continuing and a compromise solution is likely to be announced shortly. Designed to save £18.5m. a year, these include the closing of all Post Office counters on Saturday afternoons, the abolition of term telecommunications services—telephones, telex, and the ending of facsimile—may take over much of the role of the present first class post.

A more radical suggestion—to drop the standard delivery commitment and spread a single nationalised industries, London point, at least, has now been delivery over a longer period of Peddie, chairman of POUNC, recognised.

In evidence to the Farlia-mentary select committee on setting-up of the review, POUNC, at least, has now recognised.

said that clear-cut choices I to be placed before the pub what postal services did community need, what could afford, and, in the light of it what should be provided?

"There is a balance between on the one hand, cost control and development initiatives expected under commercial motivation, and, on the other, recognition of the Post Office as performing an essential community service which we have to be maintained under any circumstances. It is unreasonable to leave striking of that balance to the Post Office alone." With the setting-up of the review, POUNC, at least, has now recognised.

Sotheby Records

These doors may have come from a choir stall in a convent at Freckenhorst, where they were first recorded in a private collection in 1886. They now belong to the Museum of Westphalia, Munster, Germany.

The Works of Art Department gives advice on European Sculpture including ivories, bronzes, wood and marble carvings of all periods as well as enamels, metalwork and Greek and Russian icons.

The annual subscription to the works of art catalogues and price lists (about 22) costs £10 and for icons (about 6) £5. (U.K. prices only).

For further information telephone or write to G. Hughes-Hartman, J. F. Hayward or Elizabeth Wilson.

One of a pair of Westphalian carved oak reliefs, second quarter of the 14th century, 41.7 by 22.5 inches (106 by 58 cm), sold on 10th April, 1971 for £36,000. A world auction record for a Gothic carving.

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HOME NEWS

Steelmakers may launch £80m. investment plan

BY ROY HODSON

THE PRIVATE steel sector is considering building one or two new plants worth up to a total of £80m. An early decision to build would mean a flow of orders for equipment suppliers next year and in 1977.

The private steelmakers need new sources of raw materials to supply their plants. A plant using natural gas for the direct reduction of imported iron ore—probably on the north-east coast—would give the independent companies an assured supply of material for steel-making. Such a plant would cost between £30m. and £50m.

Some in the industry believe that it would be wise to supplement such an investment with a parallel but smaller plant, probably also on the east coast. It is expected that the bigger plant would produce about 500,000 tons of ferrous material a year and the smaller plant would have half that capacity. Plants of that type normally take about two years to build.

The British Independent Steel

Rising prices

The changing nature of the steel scrap trade—traditionally the main material source for the smaller steelmakers—is one factor behind the new move.

British scrap used to be largely consumed in the U.K. Now there is free movement of scrap in the European Community and prices are rising because of the demands of

smaller steel plants needing cold metal to feed their furnaces. Another factor is the attitude of the British Gas Corporation, which is now understood to be willing to provide a plant, or plants, with North Sea natural gas as a main fuel source.

Steelmakers are considering east coast sites because it is felt that plants should be near the supplies adjacent to reasonably deep water for ore carriers and convenient to the private steel-making works.

The most likely site for a first direct reduction plant would be in the North-East where it would attract the Government grants and aids for full regional development areas.

But a Humberside plant should not be ruled out. Although only an intermediate assisted area, Humberside is the natural port for the Sheffield steelmaking area, where much of the private sector is concentrated.

The M62 motorway and the canal link—which takes wide barges and could be further improved—offer excellent communications.

Some bank services to cost more

By Michael Brandon

CUSTOMERS of Lloyds Bank will face higher charges on certain "ancillary" services early in the New Year after the bank's successful application to the Price Commission.

National Westminster Bank has also made similar applications and it is expected that the other big banks will shortly ask the Commission to allow rises in their charges.

Lloyds was the first to put in a specific request for increases, and with no objections being raised by the Commission within the 28-day period allowed, it is expected to go ahead with higher charges.

These will affect only certain specific areas of the bank's activities, such as those offered by the bank's registrar department, its trustee services and perhaps its estate agent services.

Proposed increases by the banks, however, will not affect ordinary current account customers. Claims by the banks for more general increases in the charges have been resisted by the Commission which has not accepted the banks' argument that the benefits they receive from their interest-free current accounts should be treated separately in assessing their profits position.

The applications made by Lloyds, NatWest, and others which Midland and Barclays are expected to make, concentrate on those areas of the banks' activities which they claim are losing money. The banks argue that the services they have ample room within the terms of the prices code to justify higher charges.

Computer dating question

By Roy Hodson

IF YOU use a computer to help you find a wife or husband, are you entitled to expect a lifetime of wedded bliss?

That is the question to which Mr. John Methven, the former Imperial Chemical Industries executive who is the first Director General of Fair Trading, intends to devote some of his valuable time.

His Office of Fair Trading is starting an investigation today into the trading practices of the match-making trade, with particular reference to dissatisfaction among its customers.

The office will be looking at marriage bureaux, computer dating organisations and introduction agencies.

Customers asked the Government to intervene to improve the quality of marriage created by professional help and guidance. The Office of Fair Trading has had about 300 complaints in two years from people who have not, in their view, found what they were looking for.

Mis-matching is a common complaint from the sample. Disappointed customers are thought to be the powerful computers used by some match-making organisations do not get it right.

Secrecy 'adds to divers' dangers'

Financial Times Reporter

SECRECY of diving companies about their research findings is adding to the risks faced by divers in the North Sea, the British Association of Professional Divers claimed in London yesterday.

The main diving companies are refusing to disclose or pool their research findings about the effects of deep sea diving on the human body to the men directly involved, said Mr. Crichton-Todds, general secretary of the association.

The complaint will be raised at the organisation's annual meeting in Birmingham on Monday. The divers regard it as a matter of urgency because regular 1,000ft to 1,800ft dives will be made in the North Sea in the New Year.

The findings of the dives are regarded by the companies as commercial secrets and not for public consumption, even on a confidential basis, to the divers.

Benn gives nuclear waste pledge

By Ian Palmer

PROTESTS over importing nuclear waste for reprocessing had brought an assurance that Parliament will be consulted over future contracts, Mr. Eric Moonman, Labour MP for Basildon, said yesterday.

He had received a message from Mr. Anthony Wedgwood Benn, Energy Secretary, saying that new contracts would not be undertaken without Government agreement.

Mr. Benn said in his reply that some fuel was still being brought in under existing contracts, and another commitment was expected to arrive from Japan early next month.

Mr. Moonman said: "In spite of the assurance, I am still deeply alarmed by the fact that we are continuing to introduce radioactive waste and stockpiling it in the country."

There would be uproar when new contracts came to be considered.

OVERSEAS NEWS

Iraqis in Lebanon peace bid

BEIRUT, Dec. 26.

TWO senior officials from Iraq, one of many countries to try their hand as peacemakers in Lebanon, conferred with Lebanese leaders today as the daily round of violence continued.

Iraqi Information Minister, Tariq Aziz, conferred with President Suleiman Frangieh at his residence overlooking the capital, and Mr. Ali Ghannam, a member of the Iraqi Ba'ath party, met politicians of various parties.

The Iraqis are following a well-worn path taken by foreign mediators since Lebanon's civil war started, eight months ago, more than 5,000 lives ago. Details of the Iraqis' mission have not been disclosed, but observers said that Baghdad was probably trying to match the recent mediation efforts of its rival Syria.

Beirut Radio reported fighting along many of the street front lines where Left and Right Wing forces are battling. Snipers were active in the desolate city centre, and at dawn a mortar shell hit the front steps of the police station in Martyr's Square. Five more shells landed in densely populated areas of western Beirut, killing five people and wounding 20.

Peres calls for new approach to West Bank

TEL AVIV, Dec. 26.

DEFENCE MINISTER Shimon Peres has called for a more positive approach by the Government on the Palestinian question and said that Israel should not flatly reject talks with Palestinian leaders.

At the same time Tourist Minister Moshe Kol called for round-table talks between Israel, Jordan and Palestinian representatives on the future of the occupied West Bank.

But both Ministers in interviews rejected meetings with Mr. Yasser Arafat's Palestine Liberation Organisation (PLO), saying that it was dedicated to Israel's destruction.

Mr. Peres told the evening paper Maariv: "We should present our position regarding the Palestinians more carefully and more positively."

He said he would talk to the PLO sounds as though it is "No" to all Palestinians—and there is no need for that."

The Defence Minister's comments differed from Prime Minister Menachem Begin's line—that negotiations on the future of the occupied West Bank can only be held with King Hussein's Government in Jordan, which relinquished responsibility for the area to the PLO at the 1973 Rabat summit.

The Prime Minister's view has also been challenged recently by Foreign Minister Yigal Allon, who says that Jordan has "no monopoly" on the Palestinian question. He has been involved in clashes within the Cabinet on the issue.

Riot deaths reported in Mayotte

MORONI, Comoro Islands, Dec. 26.

SEVERAL PEOPLE are thought to have died over the last few days in anti-French riots in Mayotte, a French overseas territory in the Indian Ocean islands, according to a Government statement here. Three of the islands in the group broke away from French rule in July, but Mayotte, the fourth, said that it wanted to remain French.

The Comoro Islands ruling body, the National Executive Council, said in yesterday's statement that riots had been going on for several days and a number of people were thought to have been killed. The Council protested strongly against what it said was the occupation of one of its islands by "French imperialist forces."

Condemning today the French Government denied a report by Radio Moroni that riots had been taking place on Mayotte.

'Corruption' claims follow NY sacking

By Ian Palmer

NEW YORK State Governor Hugh R. Fierstein dismissed today Mr. Maurice Naderi as special state and corruption prosecutor on Christmas Eve has triggered off a major political row with allegations of possible scandals involving elected state and city officials.

In an interview in this morning's New York Times Mr. Naderi, who earned the accolade "Superprosecutor" during his three year battle to clean up the state's sordid criminal justice system, publicly questioned the Governor's motives for sacking him.

Condemning that he was less than a week into a "bombshell investigation" of "high-level corruption" among New York City and state Democratic leaders, Mr. Naderi suggested that it was Governor Carey's knowledge of this study which prompted his dismissal.

Mr. Naderi asked: "A Watergate of our own in New York?" Governor Carey today refused to comment on Mr. Naderi's allegations.

Unita 'launches drive to capture railway town'

LUSAKA, Dec. 26.

UNITA troops in Angola have launched a drive to capture an important railway town on the Zambezi border, spokesmen said. Other sources said South African mercenaries were also involved in the push to capture the town of Teixeira de Sousa on the British-owned Benguela railway.

George Sangumba, in charge of foreign affairs for Unita said that a rapid push through the sparsely populated eastern areas of Angola was begun several days ago to capture the border town.

Teixeira is one of the last strongholds on the railway held by Soviet-backed troops of the MPLA.

Unita's leader, Mr. Jonas Savimbi, said earlier this week that forces had suffered heavy casualties, mainly from recently introduced Russian 122 mm. rockets, in fighting which has swirled back and forth in the town.

Officials of Unita and its ally, the FNLA, said in Lusaka that African states sympathetic to their cause had approached Washington and urged the U.S. to use maximum diplomatic pressure on Russia to quit Angola.

UPI Reuter adds: Uganda Radio says that Unita has proposed an immediate ceasefire under the supervision of the Organisation of African Unity (OAU). "Under OAU supervision, free elections should be held, leading to a government of national unity."

Unita said in a message to the Ugandan president, Idi Amin, the OAU's current chairman.

Moscow The Soviet news agency Tass charged on December 25 that "large new units of regular South African troops" had been sent into Angola.

Washington: The French and United States intelligence agencies are working together to supply money and arms to the FNLA, the Washington Post reported. "The SDECE (French intelligence agency) with President Giscard's evident approval, is now co-operating with the CIA and Zaire's President Mobutu by channelling arms and money to the FNLA, according to French African and diplomatic sources," the newspaper said.

David White writes from Rio de Janeiro: The withdrawal of Brazil's Chief Representative in Luanda has increased speculation that Brazil will change its policy towards the FNLA in Angola. The Brazilian Charge d'Affaires, Sr. Ovidio de Andrade Mello, is expected back in Brasilia on Monday for what the Foreign Ministry called "urgent medical care."

The Ministry denied any political change, but the move follows growing pressure from within the Government and the Army for a freeze in Angolan relations.

This pressure is based on the increasing involvement of Soviet arms—and what is seen as a potential threat to the South Atlantic sea routes—and the open participation of Cuban soldiers in the MPLA's struggle.

Soviet grain harvest worse than predicted

By Our Own Correspondent

MOSCOW, Dec. 26.

THE Soviet Union revealed yesterday that its disastrous 1975 harvest was even worse than the most pessimistic calculations by Western agricultural experts. The final figure appears to have been 132.5m. tons.

But, as usual, officials could not bring themselves to lay out the cold facts. What the Government newspaper Izvestia said in a leading article was that the country's annual average grain yield for the years 1971 to 1975 was 150m. metric tons. That works out to a total of 500m. tons for the five-year planning period.

Figures already published here show the sum of the harvests from 1971 to 1974 was 178.5m. tons, so by a simple subtraction 17.5m. tons for the 1975 harvest is left.

Earlier this month the chairman of the state committee for planning, Mr. Nikolai, Troshin, released a series of figures to a meeting of the Supreme Soviet, the Soviet Union's parliament, from which western experts were able to come up with a harvest of 137m. tons.

The disastrous harvest—the worst here for a decade—has forced the Russians to import more than 20m. tons of grain from the west to supplement their own yield. But Troshin said Soviet citizens would not go short of bread because they will eat more meat.

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Chileans release Dr. Cassidy

SANTIAGO, Dec. 26.

CHILE'S military Government today ordered Dr. Sheila Cassidy, the British doctor arrested two months ago for allegedly helping fugitive guerrilla leader, to leave the country. A brief interior Ministry communiqué ordered Dr. Cassidy to leave Chile on or after December 28.

It said that all measures taken against Dr. Cassidy under regulations of the State of Siege had been rescinded, and procedures started against her under military law had been dropped. There was no formal order of expulsion, but Dr. Cassidy was ordered to leave the country on Monday or after.

Dr. Cassidy was held incommunicado for several days before repeated requests from British Ambassador Reginald Scoble obtained consular access to her. British officials later reported she was in good health and her morale was satisfactory.

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IN BRIEF

Indonesia asked to send troops to Timor

Pro-Indonesian forces in Portuguese Timor have asked Indonesia for troops to restore order in the disputed territory, the semi-official Antara news agency said in Jakarta yesterday.

The appeal for help against "terrorist remnants" left by the Portuguese Government appeared to contradict earlier Indonesian reports that the situation in the territory was calm and that fighting had stopped.

The pro-Indonesian forces, who are backed by Indonesia, captured the territory's small capital of Dili on December 8 from the Left-wing Fretilin Independence Movement, last week declared they had established their own provisional Government for East Timor.

British Columbia bid to revive mining

The new Bennett Government of British Columbia has moved immediately to try to revive mining in the province, writes Robert Gibbons from Montreal. The Government plans to abolish all royalties on copper and other base metals being produced in British Columbia.

Air Inter buys three Airbus A300s

Air Inter, the French internal airline, has signed a contract for three Airbus A300 aircraft. The A300s will be of the EC shorter range version and will seat 250 passengers in an all economy layout. Two will be delivered at the end of 1976 and the third just over a year later. They will be operated initially on the Paris-Marseille and Paris-Lyon routes.

Late Labor gain

Australia's Labor Party, ousted from office in the December 13 general elections, yesterday won two more Parliamentary seats in late results, bringing its total to 35, compared with 91 for the Liberal-National Country Party coalition.

Kosygin in Turkey

Soviet Prime Minister Alexei Kosygin and his Turkish counterpart Süleyman Demirel met for more than two hours yesterday evening in the first session of their official talks. No statement was issued afterwards, but official sources said that inter-national problems, including Cyprus and the Middle East, and improving relations between the Soviet Union and Turkey were discussed. Mr. Kosygin started a four-day visit to Turkey yesterday.

Engineers seek to enhance quality and productivity

BY KENNETH GOODING

THE COUNCIL of Engineering Institutions, which represents about 300,000 professional engineers, has written to the Prime Minister suggesting he should set up a working party with the council and both sides of industry to consider what action could be taken to increase manufacturing productivity and enhance the quality of British engineering and engineering management.

The letter again mentions the concern some professional engineers feel about the pressure they are under because of new labour relations legislation to join "powerful unions" which they would be a tiny minority.

Prof. John Coates, chairman of the council, says that engineers additionally have been innovative and designers and have been valuable links between the skilled men on the shop floor and management and owners.

It was essential for the engineers to be seen as a strong and united profession and it was to bring this about that the members of the council were determined to reorganise the council in a sensible manner.

"In this respect one of the most serious obstacles is the uncertainty over closed shop legislation and the actions of certain unions in trying to force chartered engineers to join them."

"It is vital that the quite unjustifiable action of certain powerful unions in blocking the legitimate work of chartered engineers in order to force them or make them join in particular union against their will will be stopped," insists Professor Coates.

Even if the profession was not yet as united as he would wish (a reference to the fact that certain unions in trying to force chartered engineers to join them because it does not believe the suggested re-organisation goes far enough), "we all want to

help in the revival of British industry and will co-operate with you and your ministers, provided it is made possible for us to do so."

Professor Coates tells Mr. Wilson that there are five specific areas in which the council could help: (1) In the recruitment of more engineering students and trainees of the right calibre; (2) In encouraging well-qualified engineers to play their full part in management, particularly in those areas directly concerned with the shop floor; (3) In fostering better relations between employers and employees in manufacturing industries; (4) In setting up an organisation for teaching and training in manufacturing technology such as has been proposed by the Department of Industry; (5) In bringing about the symbiosis between the universities and polytechnics and industry which the Department of Education and Science believes essential if engineering courses are to be improved.

celebrating a birthday—the birthday of a child born nearly 2,000 years ago, who grew up and lived for only about 30 years.

"That one person, by his simple and his revelation of the good which is in us all, has made an enormous difference to the lives of people who have come to understand his teaching."

"His simple message of love have been turning the world upside down ever since. He showed that what people are and what they do makes matter and does make all the difference."

"We are all different, but each of us has his own best to offer. The responsibility for the way we live our lives is on each of us. Together, we can create a stable, free and considerate society. So take heart from the Christmas message and be happy. God bless you all."

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POINTMENTS

New managing director for Jardine Fleming

Mr. John Manger, at present managing director of RINE FLEMING AND CO., has been appointed managing director of Jardine Fleming.

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THE FINANCIAL TIMES

Established 1888

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SATURDAY, DECEMBER 27, 1973

Unrewarding
upturn

THE LATEST review of the economic outlook by the Organisation for Economic Co-operation and Development, published just before Christmas, made particularly gloomy reading for U.K. readers. Real national income in this country was forecast to rise by some 1.2 per cent. between the second halves of 1973 and 1974, mainly because of a slower rate of stock reduction, and it was tentatively forecast that the balance of payments deficit on current account might drop from some \$4bn. to \$3bn. over the same period. But unemployment was expected to continue rising, though more slowly, to reach 1.1m. by the end of next year, and the real disposable income of consumers to fall over the year by some 2.1 per cent. This is a slightly more dismal forecast than even that of the National Institute, which admitted that its latest appraisal of prospects for the domestic economy was the most depressing since its Review was first launched in 1959.

Two points must, however, be kept in mind when considering the OECD and other forecasts. The first is that the behaviour of the UK economy next year, as in the case of other countries with large payments deficits, will be particularly dependent on the growth of world trade. The second is that, after their recent experience of both inflation and unemployment on a larger scale than has been experienced since the last war, the forecasters are all tending to emphasise the uncertainty of their estimates.

Confidence

It is common ground that, whereas economic recovery has already got under way in the United States and Japan and is beginning to make itself felt in France and Germany, the level of U.K. output is only now beginning to even out—which implies a continued rise in unemployment for some time to come. The OECD estimates that GNP might grow by 5 per cent. between the second halves of 1973 and 1974 in the case of the U.S. and Japan, but by only 3.3 per cent. in France and Germany and by 2 per cent. or less in the rest of Europe. The relative slowness of this upturn compared with those of the recent past is compounded by the fact that the OECD does not expect it to gather much strength during the course of

the year, with unemployment continuing to rise in most European countries, and calls for some special explanation. The explanation given by the OECD is that the business upturn has so far been almost entirely reliant on two special factors—deficit spending by governments to keep the rise in unemployment within bounds and a slackening or reversal of the massive international liquidation of stocks. But deficit spending by governments, it believes, will have to be cut in order to prevent inflation from getting completely out of hand.

Profitability

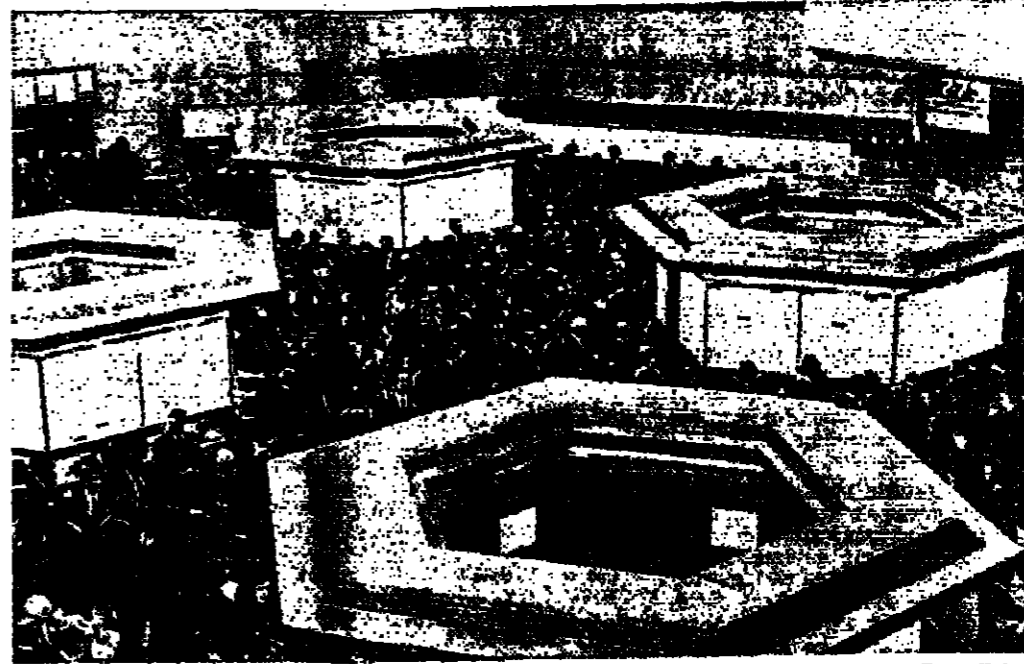
But most governments are now sufficiently aware of the difficulties implicit in a combination of high unemployment and inflation and of the risk of rekindling inflation through too rapid a stimulation of demand that the assumption of unchanged official policy is, as the OECD analysis implicitly admits, quite unrealistic. The greater difficulty is in forecasting how rapidly industry will wish to rebuild stocks and how fast the consumer will be willing to lower the present high level of savings, when both the danger of inflation and the risk of unemployment seem to be holding back his inclination to spend.

Since the relatively high level of the savings ratio is largely the result of a disinclination to incur fresh debt, the OECD suggests that governments should try varying consumer credit terms—a hint on which the U.K. Government was remarkably quick to act. But the situation in this country is such that the main increase in demand must come from higher exports and from larger industrial investment in stocks and fixed capital equipment. The Bank of England, in its last Bulletin, was optimistic about the scope for increasing exports as world economic recovery becomes established. But it also urged that steps were needed to improve the profitability and further strengthen the liquidity of industry—a point which the National Institute, recognising the key part to be played next year by the state of business confidence, had already made with some force. As it prepares to curb the growth of public expenditure, therefore, the Government should also be ready to allow industry the higher profits on which expansion depends.

Most services are about to be made subject to the legislation on restrictive practices. What effect will this have? A report by Colin Jones



Left: Mr. John Methven, Director General of Fair Trading, with whom restrictive agreements will have to be registered. Right: The Stock Exchange, much of whose rule book will need registration.



The ins and outs of services

NO ONE knows just how many agreements and practices relating to the supply of commercial and financial services will be affected now that the process of extending the restrictive practices legislation to these sectors of the economy has formally begun. The draft order laid before Parliament earlier this month is expected to come into operation on March 22. The parties to restrictive agreements will then have until June 21 to decide whether to abandon their arrangements or to register them with the Director General of Fair Trading who—unless the agreements are abandoned at a later stage or are considered to be insignificant—will eventually refer them for adjudication by the Restrictive Practices Court.

Nearly 1,200 agreements were registered when price rings, cartels and certain other restrictive agreements relating to the supply of goods were first called up almost 20 years ago, another 1,000 were put on the register in the months that followed, and an unknown number was abandoned before registration was required. One suspects that the number this time will be nothing like so many. The trend towards cartelisation of manufacturing industry in the interwar years, in part a response to the pressures of import competition, a factor to which service activities tend to be immune. Entry into many types of service business is not all that difficult and certainly much less expensive than starting up a manufacturing operation. Above all, the climate within which both industry and commerce operate has become much more generally competitive during the past two decades.

A veritable
thicket

For instance, if the restrictive practices legislation had been extended to services five years ago, banking would have provided a veritable thicket of examples. To-day, probably not

rest of the service sector was brought within the scope of the restrictive practices legislation. The professions covered by this exemption are law, medicine, accounting, architecture, surveying, engineering, and teaching. Their activities do not, however, escape all scrutiny under the fair trading laws. Indeed, the Monopolies Commission now has in hand no less than ten separate investigations into one or other aspect of their activities, including such matters as the restrictions about advertising by barristers, solicitors, accountants and veterinary surgeons, the scale fees used by architects and surveyors, and the two-counsel rule at the Bar.

Specifically
excluded

Then there are the services or agreements which were specifically excluded from the scope of this month's order. In the main they were either services which are already subjected to regulation or supervision by an independent body (civil aviation and road passenger transport) or by a Whitehall department (building societies, insurance, and unit trusts) or are agreements to which the Treasury or the Bank of England, as part of the system of financial control is a party. In addition, international shipping and banking in Northern Ireland were excluded because of jurisdictional difficulties (in the latter case because many banks in Northern Ireland are branches of Irish banks).

Here too though, the exemption is not total. The building societies are exempt only to the extent of their fund raising and loans making activities and only insofar as restrictive practices in these operations arise out of agreements made directly with the Treasury or the Secretary of State for the Environment. Similarly, firms of surveyors are exempted only in their work as professional surveyors. The sale, letting, and management of property and certain kinds of work in planning appeals and

other types of litigation would probably not be covered by the exemption—which means that surveyors will now have the Monopolies Commission to worry about on one flank of their practice and the Restrictive Practices Court to worry about on the other. Furthermore, any of these exemptions could be removed by another calling-up order at a later stage. The exemption can by no means be counted on as permanent.

Even so, these exemptions leave a wide variety of practices in commercial, financial and non-exempt professional services vulnerable to the restrictive practices laws. Those that will certainly be affected range from the Stock Exchange to road hauliers, from the travel trade to industrial designers, and from newspaper publishers to translation agencies and barbers. Moreover, the restrictions which make an agreement (or a trade association recommendation) registrable need not concern only the charge to be made or quoted for supplying, offering to supply, or obtaining a service. They can relate to such matters as the terms or conditions, the extent or scale, form or manner, the persons for, or from whom, or the places or areas in or from which the services are to be made available or supplied or are to be obtained.

Thus, if a trade or a group of firms agree collectively to use a standard form of contract, they will have to register their agreement. Of course, certain standard terms and conditions may be perfectly fair as between buyer and seller. If the Director-General of Fair Trading regards all the terms as acceptable then the agreement will probably not be referred to the Court, though its details will remain available for public inspection on the register maintained by the Office of Fair Trading.

Exclusion clauses are another matter, however. In the case of contracts relating to the supply of goods, clauses excluding the buyer's statutory rights are now void and it may soon become a criminal offence to

Travel
agents

Even if a trade does not use a standard contract it can still run foul of the order. The Association of British Travel Agents has a rule which forbids a tour-operating member from selling his product through any non-member and requires retail members to sell only the products of other members. This is in order to operate the ABTA compensation scheme. Nevertheless, it is extremely difficult to run a successful travel agency without ABTA membership and the rule—if retained—will be registrable and so will the travel trade's ban on price cutting.

Likewise, much of the Stock Exchange's present rule book will have to be registered. This is not merely because of the Stock Exchange's (recently revised) commission arrangements. The rule which requires jobbers to deal only through brokers and prevents investors from dealing direct with jobbers is certainly a registrable restriction and so, probably, is the rule forbidding Stock Exchange members from advertising for business.

Registration is not in itself fatal to an agreement. It remains legally operable until the Court has ruled against it, though enforcement may become difficult once the agreement has been referred to the Court. Failure to register a live agreement is another matter, however, and, since 1973, it has been possible for anyone who suffers a loss as the result of the restrictions in an unregis-

Another two
years

The odds, therefore, are hardly to be said to be encouraging. Nevertheless, some traders think they have a strong case. They probably have at least another two years before making a final decision since the legal preliminaries which precede the first Court hearing could take up to 18 months from the closing date for registration next June. Above all, perhaps the Restrictive Practices Court has now had considerable experience of this new branch of commercial law, the service sector will still be new ground for the Court to consider. The precedents it has built up in hearings on goods agreements may not necessarily be applicable to service agreements.

Letters to the Editor

Communication

From Mr. C. MacMahon

Sir—Few would disagree with Mr. H. Phipps's comments (December 19) that "the unrelenting obsession with class breeds bitterness, envy, and distrust etc." I suspect too that few would disagree that the emphasis on "class" has been and remains a convenient platform for those who wish to exploit the user-sensitivity of the human race. This particular platform should still have appeal as not in my view due to the quality of the argument but to the ineffective and at times confused communications from those who take the opposite view. The overwhelming need is that such communications should be addressed to our young people as well as to the adult population.

As a governor of an "aided school" (11-18) which seeks to maintain high academic and social standards, Christian principles and to emphasise the importance of the individual, I have often been called upon in discussion with my fellow governors (non-political) to defend the apparent passive interest of British industry in educational matters (particularly up to the age of 18). I have found this increasingly difficult but it is clear that if we wish to communicate we need channels and it would be regrettable if by default we allowed the educational system to be 100 per cent. in the hands of the politicians at national and local levels.

I would suggest that time is not on our side if despite the activities of those who see the long term dangers, we have to accept Disraeli's dictum "There is no education like adversity" then it will indeed be regrettable and tragic for our country and our families.

C. A. MacMahon,
137 Hall Road,
Anlaby, Hull.

North Humberside.

Unions and pensions

From Mr. W. A. Stevens.

Sir—Mr. H. Lucas, head of pension services in the General Municipal Workers Union,

criticised employers' lack of communication in making their pension schemes fully understood by their employees (December 19). As another pension consultant with many years of experience in the inauguration of pension schemes with a variety of firms, such experience included individually explaining to each employee his or her benefits under the scheme. The greatest and most frequent opposition to joining a scheme came not from the ordinary employee but from union officials, some of whom, without even bothering to investigate the benefits to their members, have even been asked by such officials on a number of occasions "What is the employer getting out of this?" even though it was obvious from a comparison of the contributions to the benefits provided that the employer's costs must be obviously be much greater than that of the employee.

Mr. Lucas should be directing criticism to himself and union leaders generally who, for years, have failed to see the greater advantage of benefits from pension schemes as opposed to increases in wages the former being tax free and the latter taxable, quite apart from the benefit to a member's family in the event of a member's demise.

W. A. Stevens,
Fairfields,
New Lane Hill,
Titchmarsh,
Reading, Berks.

Mr. Reagan's aides

From Mr. P. D. Hannaford

Sir—While we enjoyed reading Mr. Maurice Irvine's article, "A Campaign for the True Blue" (November 20) both my partner, Mr. Michael Deaver, and I were surprised to learn that our firm was created "as a front for his (Ronald Reagan's) non-candidacy." Although our firm opened its doors the day following the conclusion of Mr. Reagan's second term as Governor, it was created as a general public relations firm, initially with six clients; Mr. Reagan was among them. Mr. Deaver had served as a senior assistant to Mr. Reagan through-

out both of his terms as Governor; I for the final year of Mr. Reagan's second term. Our new firm succeeded a firm owned by me and from which I was on leave of absence while serving on Mr. Reagan's staff.

Peter D. Hannaford, Inc.,
10960 Wilshire Boulevard,
Suite 812, Los Angeles,
90024.

P.O. advertising

From Mr. A. Casey

Sir—Mr. Young of the Post Office (December 19) may well be able to justify the cost-effectiveness of advertising the overseas telephone service, but it still does not alter the fact that telephone charges have been increased by a staggering 80 per cent. effective October last.

Mr. Young has entirely missed my point regarding the effect of these increases on the general public. It now costs between 35p and 72p for a three minute call from a call-box (we don't all have our own telephones) during the day for a distance exceeding 90 miles. In real terms, pre-decimal, this is scandalous for a non-labour intensive service.

A. J. Casey,
53, Cavendish Crescent,
Eletree,
Hertfordshire.

Electricity manning

From Mr. D. Bluet

Sir—Can it be that James Esnor for his article "Efficiency in Power" has been "conned" by the public relations people retained by the Central Electricity Generating Board, or Mr. A. Hawkins? Surely we must not be unmindful of the enquiry which is taking place under the chairmanship of Lord Plowden into the electricity supply industry. Will this not highlight the gross overmanning which exists in the industry compared to leading utilities in North America? This is compounded by the three-tier system of Electricity Council, Generating Board and area Boards leading to triplication, or worse, in many administrative and clerical posts. Why has the CEGB been so

long in closing Little Warwick? How many more similar stations are still awaiting closure? Why are they not being closed promptly to help alleviate our taxes and electricity charges? The real question is, how many employees in the whole nationalised industry are required to produce 1m. kilowatt hours and how does that compare with other electric utilities?

As tax and ratepayers are becoming increasingly aware, overmanning at all levels in the civil service, local authorities and nationalised industries—not forgetting British Leyland—is one of the reasons our taxes, rates, electricity, gas, water, coal and railway charges are so high. It would also partly explain why employees of the Government and its statutory bodies are so complacent about the burdens they place upon the more productive members of the community. This is accentuated in the employment terms of such bodies which permit so much "feather bedding" when large scale redundancies are needed to rationalise their organisations and reduce their expenditures.

D. G. Bluet,
66, Manor Way,
Beckenham, Kent.

Standing orders

From Mr. J. Moore

Sir—Mr. H. J. Morgan (December 18) raises again what so many bank customers know already, the growing inefficiency of the local bank to handle standing orders. It is now so widespread that one suspects that it is part of a deliberate campaign to persuade us all to go over to the "direct debit" system, albeit in desperation and hope. I hope that this is not the case for I and many others will, I am sure, resist this pernicious system to the end.

J. P. Moore,
10a, Oldlands Chase,
Weybridge, Surrey.

Railways

From the Press Secretary,
Nationalised Labour Party.

Sir—In his article (December 15) viewing the railways as both an economic counter and a

casualty of the increasing fares/decreasing services spiral, Colin Jones failed to feed into his equations the feelings of working people whose lives would be affected by any cost-effective perspective on transport policy. Until Mr. Jones sees in such policies their value as a social service he must be harshly and repeatedly shown the cold, stark realities spawned by a such philosophy.

Our rail network is a legacy thoughtfully provided for us by a generation more forward looking than our own, and far from bowing to our Mandarins in consequence there will be a light to ensure the retention of the standards for which we in this country have worked.

H. Showman,
Chelford House,
Chelford Road,
Presbury, Cheshire.

Assess

From Mr. J. Pickering

Sir—I am quite unable to understand the thinking of commentators and governments on the question of a wealth tax. All are unanimous in denouncing the present system of taxation based on earnings, assets, shares in companies and Government Securities, and, for instance, agricultural land.

After all we are constantly urged to invest in industry and lend money to the Government, if we do so it is deemed proper to make our holdings subject to the wealth tax. On the other hand agricultural land must apparently remain immune.

This is sheer nonsense for the owners of agricultural land obtained their holdings more than five years ago they have been sitting on an asset which, with a pretty substantial hiccup last year, is now worth about four times as much as it was at the time of purchase. Moreover it is once again a rising asset as we move more and more into a golden age of farming. As a nation we are getting quite soft in the head on the subject of agricultural land. When capital transfer tax was first suggested it was stated that full time working farmers would receive special concessions. In the event the concessions were extended to a farmer, an employee, the director of a

farming company or a full time student. No longer a full time working farmer but now a maiden aunt, a daughter, a student supported by state grants and Uncle Tom Cobley and all.

I suspect that many of our legislators are now sitting on a big fat asset from which in any case they are deriving substantial grants and tax concessions. I suggest that all farmers who are not farming their land profitably should get out of the industry and make way for those who would make proper use of this rare national asset—the land.

J. P. Pickering,
Orchard Place,
Hexham, Northumberland.

Forecasts

From Dr. N. Tregenza

Sir—The energy crisis does not appear to have yet penetrated all corners of the massive bulk of the Department of the Environment. Its latest traffic forecasts assume unlimited supplies of petrol, at a price rising only 1 per cent. per annum well into the next century—and that is for the "pessimistic" forecast. At the same time the Department of Energy is informing the Royal Commission on Environmental Pollution that, by the year 2000, oil will be becoming increasingly scarce and expensive.

These forecasts cannot be ignored with impunity as they form the basis of the cost benefit analyses and traffic predictions used to establish the excessive size of many recent road building schemes, with consequent unnecessary loss of agricultural land. By contrast, the dependable rise in the value of food on world markets finds no place in the economic assessment of modern roads.

Despite these defects, a representative of the DoE, at a public inquiry in progress here, was prepared to state that: "Very few, if any, road schemes now show a positive present value of total net benefit."

Dr. N. J. C. Tregenza,
Elm Cottage,
1, Gwynn Hill,
Relubbus,
Penzance, Cornwall.

What
we can do
is up to you.

At a time when you may be finding it hard enough to look after your own children, it may seem a trifle optimistic to ask you to help us look after ours.

But the sad fact is that if nothing is done, many unloved children grow into unloving parents. And so the sad circle of deprivation widens. Eventually it touches us all.

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More than ever, Barnardo's needs your help. A donation, a Deed of Covenant, a helping hand in running a local fund raising group, they'll all enable us to continue our work.

If you think that Dr. Barnardo's is nothing to do with you, imagine what would happen if nothing got done.

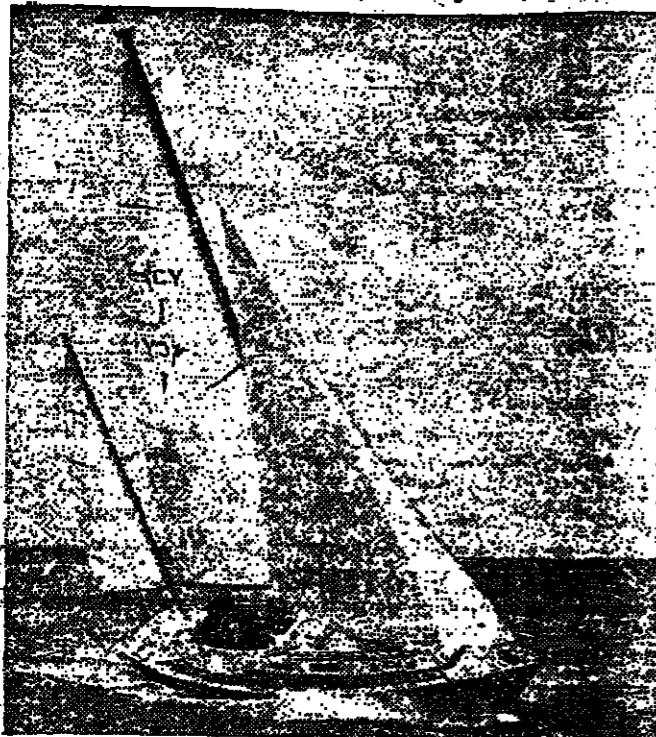
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 Backsides, Ilford, Essex IG6 1QG



The 36-foot Conway from Westerly: 57 have been sold in the past 14 months.

The easing of hire purchase restrictions has brought relief to a British boat building industry that has been in the doldrums for the past year. With the Earls Court Boat Show opening on Thursday, Stewart Alexander examines the industry's prospects

Boat builders wait for the wind shift to settle



This steam launch has been lovingly restored at Peter Freebody's boatyard at Hurley-on-Thames.

THERE WILL be an extra shine on the glittering array of boats at Earls Court next week as eager salesmen at the Boat Show, which opens on Thursday and continues till January 11, seek to breathe back life into a home market that has been severely hit since VAT was increased to 25 per cent in April. Despite a brilliant summer, manufacturers have been living mainly off the fat of the pre-tax increase orders and have had to look to the still buoyant export market for life saving turnover. But as cash flows are slowed to a dribble and the non-exporting companies are squeezed the need to revive the home market grows.

The lifting last week of hire purchase restrictions means that the second prong of what the industry felt was a Government attack on its very existence has been removed and there will be an immediate return to five and seven-year marine mortgages.

Only those companies in the most desperate straits, however, are looking to this simple expedient as the great relief-giving balm. There is no certainty that a flood of demand will be released at the Boat Show.

The past year has seen a big change in both the marketing strategies and marketing of U.K. builders in-

dustry. At last year's show the major builders were already prepared for a big drop in home orders and were forecasting a further shakeout in labour of up to 40 per cent.

There was a handful of companies which had not only put in their export market groundwork but which were ready to rely almost exclusively, if necessary, on exports. The April rise in VAT meant just such an operation but caught many builders unprepared and some, particularly on the power boat side, have not sold a boat on the home market since.

Now that there is the prospect of some easing of the situation in the home market, which should particularly help the builders of sailing cruisers in the £5,000-£15,000 range, those companies which can gear up to take advantage of it will do so, but not at the expense of their overseas orders.

Slowdown

This year's slowdown in U.K. orders has meant a corresponding halt on research and development. The added impetus, if it comes, from the home market should mean that several projects that have had to be held in abeyance will get the go-ahead. If not, there is a grave danger that the competitive edge materials changed quickly and radically. The sixties saw the

from completed to part-completed boats as buyers try to avoid as much as possible the effect of the 25 per cent VAT and this is a trend which is likely to continue. But this applies to very few.

The market has been changing in terms of the type of buyer who is coming forward. There is still the very rich top end which wants to buy boats and sees them as a means of investing capital in such a way that it will not depreciate and can also be moved easily out of the country. The general public may or may not be pleased that Britain won the Admiral's Cup series this year, yet it is always ready to be shocked that the boats involved can run into six figures.

But the vast majority of buyers are those in the middle to lower ends of the market who are buying their boats out of income. It is often forgotten that thousands of them never go to sea at all; the number of registered craft on the Thames runs into tens of thousands and throughout the country there are inland waterways, lakes and reservoirs which are heavily used.

greatest growth and, looking back now to the cost of boats at that time compared with incomes, one can easily see why. However, although times are now much harder, there are no signs that a lasting peak in the U.K. fleet has been reached and as the economic climate improves so should the sale of boats. Although much of the cruising market is dominated by those whose families are growing up and becoming independent, thousands more young people are becoming involved in the pastime.

New boats at Earls Court will range from Jack Holt's Bumble Bee, 8 feet 5 inches long and selling in kit form for £88 plus VAT, to Camper and Nicholson's 70-foot ketch which, with a few extras, will set you back about £250,000.

Glass fibre

The move into aluminium by some of the racing fraternity is unlikely to be followed generally as glass fibre is still the popular and more economic choice for volume production.

Sail lofts, which have remained busy throughout the year, will be competing hard for both the replacement and the new equipment market and all will be emphasising their successes on the racing circuit. Meanwhile the cruising

ably more knowledgeable and competent in the past decade, safety consciousness among those going to sea for pleasure. Ship to shore radio telephones, now available for £200, are ahead both in design and price of overseas competitors. As the private boat owner has taken more and more to doing his own maintenance so the yards up and down the coasts and rivers have had to rely on flexibility and initiative.

This year the show will be open both Sundays. No decision has yet been taken about the venue for the next Boat Show, but Birmingham is a possibility and the frequency may be changed to every two years.

The market for workboats and patrol craft has been expanding well and the U.K. has seen great strides made in the Middle East, the Far East, West Africa and South America. This has been the upturn to counter the downswing of the powerboat market and it is one on which the British industry should continue to do well.

Equipment manufacturers, too, have been developing both products and markets with considerable success. An already thriving electronics export side

has been helped by the growing safety consciousness among those going to sea for pleasure. Ship to shore radio telephones, now available for £200, are ahead both in design and price of overseas competitors. As the private boat owner has taken more and more to doing his own maintenance so the yards up and down the coasts and rivers have had to rely on flexibility and initiative.

Open door

The larger yards which have not had the back-up of commercial work have had to lay off men and also to cut down on their intake of apprentices. But while the repair yards will lose some workers to the industry, the fact that the industry is now open to man up than their counterparts in the primary industry who will find it more difficult to react quickly to an upturn in business. Thus the door may be left open to U.K. agents of imported boats who in the second half of this year Fairways' expanding Fisher exports or on completing part-finished hulls.

No one knows quite what will happen to the home market until the post-Boat Show period when the extent of hard orders will materialise. However, when Prince Philip opens the show up with the opportunity for next Thursday there will be far easier payment.

more optimism than there would have been without Mr. Denis Healey's concessions. Undoubtedly the shake-out in the industry will continue as this highly fragmented trade learns to live with more modern management and trading techniques. But there is some hope that at least the sailing boat side has bottomed out and should see some upturn.

Campers, Moody, Southern Ocean, Westerly, Fisher, Marcon and Holts all have new products on display at the show or on the stocks. And there will be special market features to help sales.

The World Three-quarter Ton Cup is to be held in Plymouth this year, there is a growing trend towards the smaller racing craft often owned by a syndicate, the blow of the increased VAT is being softened with familiarity (following the example of the Dutch market in 1970-73), and there is the strengthening emergence of the motor-sailer market in which agents of imported boats who in the second half of this year Fairways' expanding Fisher exports or on completing part-finished hulls.

At least the doubts and rumours over any reduction in VAT should have been removed and those holding back on the hope of a reduction may be persuaded to take the plunge. This, coupled with the knowledge that prices are sure to rise eventually, if for no other reason than that components, particularly engines, are doing to cost more, may be just the impetus that will mean a prosperous New Year for boat builders.

Exporter

Despite fierce competition overseas, and stories of vicious price-cutting in Europe, the industry has turned itself into a healthy net exporter. Given a good cash flow situation at home it should be able to produce new boats to keep ahead of fashion.

Undoubtedly life will remain difficult for the gas guzzlers. But for the majority of companies, which had seen the Boat Show purely as a flag-waving operation that they could not afford to miss, there is now something to attack. They know that prices in the U.K. still compare very favourably with their European counterparts and that they can still offer a lot of boat for the money. What they do not know is how much money there is left in the U.K. buyer's pocket.

LABOUR NEWS

Leyland to introduce staff pension plan

BY OUR LABOUR STAFF

BRITISH LEYLAND is to introduce a company-wide pension scheme for its 37,500 staff next summer after recent agreement in the main lines of the scheme with unions from all plants.

The company introduced a similar comprehensive plan for its 120,000 manual workers in September, after a year of negotiations. It has taken unions and management more than two years to draw up the staff scheme, which will be automatically applied to new recruits but will be voluntary for members of the many present schemes.

The scheme will cost employees 5.5 per cent of their pensionable salary, with the company contributing 8 per cent. Pensions will be calculated on the basis of the best three consecutive years out of the final ten years of service.

A limited company is being set up to act as trustee and British

Leyland has promised full employee representation on the trustee board.

In the manual workers' scheme, where life assurance cover extended back to June, nearly £1m. has been paid out in death benefits to dependants of 206 workers.

This scheme, too, has worker participation but at three levels. Plant committees are being organised to represent workers' views on management. These will report to advisory councils at group level — one each in Leyland Cars, Truck and Bus, and Special Products.

The group councils in turn will report to a joint management-council with company-wide authority. At both these higher levels workers will be represented.

The hourly paid workers' pension scheme costs 3 per cent of wages, with the company contributing 5.2 per cent.

Include unions' hospital in NHS, says NALGO

BY OUR LABOUR STAFF

THE TUC is to consider demands by some of its member-unions that the trade union Manor House private hospital in North London should be assimilated into the National Health Service.

At a time when the private practice controversy is at a new height because of promised Government legislation, some union leaders believe it wrong that their members should be able to buy special treatment outside the NHS.

The hospital is supported by means of 10p-a-week contributions from some 500,000 shopfloor workers, and deals mainly with industrial accident cases.

A TUC spokesman yesterday pointed out that the status of the hospital is consistent with

present TUC policy, which is to see the phasing out of private practice from the NHS — also the aim of imminent legislation. But several unions are also committed to abolition or much tighter control of the private sector itself.

The strongest call for the handing over of Manor House has come from the National and Local Government Officers Association which recently called on its local authority branches to oppose planning applications for private hospitals in their areas.

The TUC's social insurance and industrial welfare committee is expected to report on the case of Manor House as well as reviewing policy towards private hospitals generally, early in the New Year.

Construction men may seek new union alliance

BY OUR LABOUR STAFF

A NEW blow has been directed at the already loose federation that makes up the Amalgamated Union of Engineering Workers.

The acting general secretary of the AUEW's construction section, Mr. John Baldwin, says in his union journal that his members should be looking at one of the building unions if they want "real amalgamation."

This could mean linking up with the Union of Construction, Allied Trades and Technicians, or less obviously the Transport and General Workers' Union.

Attempts to bring the three small and Left-wing construction sections of the AUEW — construction, foundry and supervisory — under a common rule book with the engineering section dominant have suffered repeated setbacks. The recent of this was the decision of the engineering section's national committee to take no further steps towards full amalgamation.

Mr. Baldwin is acting general secretary following the death of Mr. Eddie Marsden.

Exxon doubts commercial value of Japanese gas

BY GUY JONQUIERES IN NEW YORK AND CHARLES SMITH IN TOKYO

ESSO EXPLORATION, which was regarded as a pointer to Japan's gas potential, has now said it is unlikely that the Teikoku Oil in the first offshore gas field found in Japanese territorial waters, appears moving towards a decision that the field does not merit commercial exploitation.

Exxon, which owns Esso Exploration, said in New York that the company had made no "positive decision" about the Teikoku field in the Pacific coast of the Japanese island of Honshu, but was likely to reach a decision in the near future.

"Based on current economics" there seemed to be not enough incentive to go ahead with the gas project," it said. Such a decision by Exxon would be a blow to hopes that Japan might develop its own energy resources. Hopes were raised last year when Teikoku drilled the first successful well in November 1973.

Teikoku's share value rose steeply after the 1973 gas strike,

reasons. The 1973 drilling programme was the first in the Pacific between Japan and the West Coast of the U.S., which meant that neither company could do more than guess at the nature of the geological structure.

The gas field is under 500 feet of water, and lies with 250 feet in the Bass Strait, where Esso is producing gas from offshore deposits, and 100 feet in Louisiana.

Another problem which could make exploitation of the field extremely costly is the need to compensate local fishermen. Japanese fishermen are a highly organised lobby, with strong public support and would almost certainly exact a high price from Esso and Teikoku if commercial exploitation went ahead.

Esso and Teikoku are reluctant about estimates of the offshore field, declining even to confirm reports published two years ago of the field's potential size.

Call to 'humanise' computers

BY DAVID FISLOCK, SCIENCE EDITOR

ATTEMPTS to computerise with consideration all individual industry and commerce may fail due to who come into contact if the need to preserve people's sense of dignity and individuality are ignored, according to a Canadian scientist.

Mr. Theodore D. Sterling, director of the computing science programme at Simon Fraser University, British Columbia, offers guidelines for keeping computers from becoming humane and dignified, drawn up at a series of workshops organised in Canada.

The guidelines for "humanising" computers cover five broad areas: response to normal users; response to idiosyncratic approaches; the kind of information stored and its variety; the question of privacy; and certain aspects of ethics.

The last of a total of 35 guidelines, discussed by Mr. Sterling in Science, stipulates that a computer system "should treat

"Their inclusion will increase overheads in terms of design effort, complexity of procedures, and execution time. It may even be necessary to add to the physical resources of central computers (to provide a larger memory, a greater ratio of input to output, and so on)."

Consequently managers and systems designers who were primarily concerned with efficiency could not be expected to initiate the search for better man-machine relations. Their value would become apparent not from cost-benefit calculations, but in the quality of life.

The desire to keep computer systems humane and dignified must take its place with the desire to keep air and water palatable, "as a necessary counterweight to the drive of government and industry to be as efficient and cost-conscious as possible."

Slater investments cleared

FINANCIAL TIMES REPORTER

THE INVESTMENT division of Slater Walker, which includes roughly £200m. worth of unit trust funds and a further £40m. worth of private clients' investments, has been given a clean bill of health by merchant banks N. M. Rothschild and Hambros, which are both represented on the main board of Slater Walker Securities.

The banks have been carrying out a detailed examination since October when they were called in to sustain confidence in SWS

following the unexpected departure of former chairman Mr. Jim Slater. The report was submitted to the newly-constituted SWS board and approved during the past week.

A preliminary report by investigating accountants Peat Marwick and Mitchell and Price Waterhouse has also demonstrated that this particular side of Slater Walker has been operated on a perfectly straightforward and conservative basis. The report contains no recommendations to alter either the present style or method of operations.

Unit holders, who are protected by the trustees and, ultimately, the Department of Trade, should be reassured when the findings are published. So far unit redemptions have been relatively light.

The draft reports on the other aspects of the Slater Walker group have been completed, but the final reports are not expected before the middle of next month.

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You can stop your plan or cash it in whenever you want, although the longer you keep it going the greater the likely benefit. This flexibility is very important, because the value of your units will fluctuate quite widely from day to day and year to year. If you cash in or stop your payments during the first four years there has to be a deduction from your Plan, so you should not consider it for the short term. Higher-rate taxpayers are advised not to cash in during the first ten years, for tax reasons.

You can claim tax relief of £17.50 for each £100 you pay, so over the years you effectively buy units at a useful discount. This is based on a basic tax rate of 35%. If you discontinue your Plan during the first four years, some of this tax relief may be "clawed back" by the Inland Revenue.

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Why you should start now. By investing a fixed amount each month, fluctuations in the unit price can work to your advantage. Your monthly payment buys more units when the price is low and fewer when it is high. So over the years the average price you pay will be lower than the average of the unit prices for the period. This solves the investment problem of timing. So start now and take advantage of the double life cover offer.

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COMPANY NEWS

Recovery prospect for Hensher (Furniture)

THE FALL in profits by more than half at Hensher (Furniture) during the year to March 31, 1975 was due mainly to losses incurred by George Hensher but steps have been taken to turn this round "substantially" during the current year, says the chairman, Mr. A. G. Hensher, in his annual statement.

The 1974-75 result was also affected by losses at Superst Upolstery.

Leylax (1968) continued to make progress with increased profits for the year. Standard Upholstery Co. "continue to make good progress". Hensher Upholstery (Barbados) had a more difficult year, but produced a small profit. The Fiji operation is now trading profitably.

As announced on December 24, the company's last profit was declined from £0.28m to £0.15m. The dividend is reduced to 0.75p net (0.1p).

During the year the factory in South Wales built for a subsidiary was completed and the directors decided to obtain an up-to-date independent professional valuation. This valuation has been received in the accounts—the surplus of £257,616 has gone to reserves.

The same subsidiary sold its freehold property Zenith Works in London, E9 for £265,000. The sale was effected on a grant of 99 years to the purchaser and £238,500 remained outstanding at March 31, 1975.

In the opinion of the directors the market values of the group's other freehold properties in the U.K. are in excess of their present balance sheet values.

Meeting, Cardiff, January 14, noon.

Williams Lea down £62,894

ON SALES of £488m., against £430m., pre-tax profit of specialist printers, Williams Lea Group, decreased from £405,032 to £43,038 in the year to Sept. 28, 1975.

Stated earnings per £1 share fell from 6.50p to 5p. The dividend on privately owned capital is raised from 55.4p to a maximum permitted 55.12p net.

The chairman, Mr. Donne, says slackening of demand provided the main obstacle but despite this £320,000 was invested in new plant and further substantial investment is planned for the current year. Although the business climate is still not encouraging, "we are continuing with our plans for development," he adds.

CHAPMAN

EID-Parry listing

Listing of EID-Parry Ordinary and Preference—temporarily suspended on December 19—has been restored.

At a meeting on December 12 the directors approved, subject to various sanctions and approvals, a proposed scheme of arrangement and amalgamation of EID with EID-Parry (India), a rupee company incorporated in September 22 primarily for this purpose.

On the scheme being finally approved, present holders of EID-Parry will be issued two shares of Rs.10 in the new company for

each £1 share. Preference or Ordinary held under the EID-Parry Control at the date of the purchase of Preference and Ordinary shares of EID-Parry by residents from non-residents may be made only with investment currency or with sterling proceeds of the sale of investment currency to an authorised bank at the current market rate.

The shares have not, however, become foreign currency securities.

Upon the scheme becoming effective, the Preference and equity shares in EID-Parry (India) would be foreign currency securities.

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Redland reorganises in S. Africa

Verref, Tongaat (through its subsidiary Coronation Industries) and Redland, the U.K. tile producer with world-wide tile interests, have agreed to reorganise their South African concrete roof tile interests. The arrangements are subject to all the necessary consents being obtained and are expected to become effective from January 1 next.

The following, jointly owned companies, Coronation Concrete Roof Tiles (Pty.), Covercrete Tiles (Pty.), Covercrete Roofing (Pty.), Northern Cement and Tile Works (Pty.), and Concrete Free State (Pty.), will become wholly owned subsidiaries of Verrefing Tiles through which the South African roof tile operations of Verref and Redland are presently conducted.

After the reorganisation Redland will hold a one-third interest in Verrefing Tiles, the other two-thirds to be held by a new holding company jointly owned by Verref and Tongaat. A cash adjustment will be made between Verref, Coronation and Redland to give effect to these holdings.

Initially, the reorganisation which will result in formation of a national tile group under the name of Coverland Roof Tiles (Pty.) will be effected by the transfer of the assets and liabilities of Verref, Coronation and Redland to the new holding company.

Verref, Tongaat and Redland will continue to operate as separate entities, but will be bound by the new holding company.

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which they operate, the directors announce.

A wholly-owned subsidiary has been formed—Inchcape Holdings Sdn Bhd (Inchcape Holdings), which in turn holds the entire capital of three intermediate holding companies, Inchcape Malaysia Sdn Bhd, Inchcape Sarawak Sdn Bhd, and Inchcape Sabah Sdn Bhd.

The three intermediate holding companies now own the operating subsidiaries of the group in peninsular Malaysia, Sarawak and Sabah.

Under the scheme six existing companies, Anglo French Holdings, the Borneo Co. (Malaysia) Sdn Bhd, Champion Motors (Malaysia) Sdn Bhd, Champion Motors (Singapore) Pte. Motor Investment Sdn Bhd and The Borneo Trading Co. (Borneo) Sdn Bhd, will be wound up voluntarily.

Eight new operating companies have been formed.

The assets, undertakings and liabilities of the companies to be liquidated will remain within the group whose overall financial and trading situation is "unchanged" by the reconstruction, say the directors.

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WALL STREET + OVERSEAS MARKETS CLOSING PRICES

Late rally in sluggish trading

BY OUR WALL STREET CORRESPONDENT

NEW YORK, Dec. 26

STOCKS CLOSED moderately higher for the third successive session, although trading was very slow. Many investors took the day off as part of a four-day Christmas week-end.

The Dow Jones Industrial Index up about two points for much of the session, rose to 1,031.25 and closed 1,031.25.

Apert from North America, market reports refer to December 24 when many stock markets did not open. Canadian markets remained closed on December 24.

At 559.51, The Transport Index rose 1.56 to 170.88; Utilities put on 1.61 to 82.73; and the Stocks Index gained 2.33 ending at 261.91. The advance was mostly due to near-term technical factors, including portfolio adjustment and re-investment following tax selling. Analysts noted that the Federal Reserve's point reduction to 2 1/4 per cent in the reserve requirement on time deposits entering between December 24 and 26 was a bullish market factor.

Advances led declines 1,031 to 51 and volume approximated

10m. shares, against the 11.15m. traded on Wednesday-Christmas Eve. It was the lightest volume since 8.6m. shares were traded on last September 15.

Alcoa gained \$1 to \$40.01, UAL \$1 to \$25.01, Bell and Howell \$1 to \$16.01, General Electric \$1 to \$46.01, Polaroid \$1 to \$21.01, Phillips Petroleum \$1 to \$33.01, National Medical Care \$1 to \$15.01, IBM \$1 to \$22.01 and Mississippi River \$1 to \$22.01.

Orange-Co advanced \$1 to \$12.01, Dresser Industries \$1 to \$50.01, National Semiconductor \$1 to \$42.01, PepsiCo \$1 to \$72.01, Disney \$1 to \$49.01, Tandy \$1 to \$22.01, Eby \$1 to \$27.01, Hughes Tool \$1 to \$59.01, Texas Instruments \$1 to \$59.01, Digital Equipment \$1 to \$137.01, Halliburton \$1 to \$141.01.

Banking and Finance Company stocks also moved higher. First National Bank picked up \$1 to \$13.01, Great Western Financial \$1 to \$14.01, National Detroit \$1 to \$34.01, Continental Illinois \$1 to \$36.01, Financial Corp. of Santa Barbara \$1 to \$10.01.

Fairchild Camera rose \$2 to \$38.01. The company said it settled a \$20m. suit filed against it by Litovitz Inc.

American Stock Exchange prices closed higher in light trading. The Amex index was 2.22 higher at 82.58 and advanced led declines 870 to 212. Volume was 1,433,000 shares against Wednesday's 1,295,000.

AMSTERDAM - The market generally firmed during the holidays in light turnover. Royal Dutch and Shell advanced, while the latter of the two moved lower.

ZURICH - The stock market closed generally well disposed in light turnover. Swissair and Swissair-Bank closed higher, while the latter of the two moved lower.

BRUSSELS - The market was slightly firmer in extremely quiet trading. Suez, Solvay, Union Minière and Cockerill were higher. However, Electrabel and Vieille Montagne were lower. The latter of the two moved lower.

London - The market was slightly firmer in extremely quiet trading. Suez, Solvay, Union Minière and Cockerill were higher. However, Electrabel and Vieille Montagne were lower. The latter of the two moved lower.

Advances led declines 1,031 to 51 and volume approximated

Indices

NEW YORK

LOW YIELD AVERAGES

Index	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22
100% Bond	100.00	100.00	100.00	100.00	100.00
200% Bond	100.00	100.00	100.00	100.00	100.00
300% Bond	100.00	100.00	100.00	100.00	100.00
400% Bond	100.00	100.00	100.00	100.00	100.00
500% Bond	100.00	100.00	100.00	100.00	100.00
600% Bond	100.00	100.00	100.00	100.00	100.00
700% Bond	100.00	100.00	100.00	100.00	100.00
800% Bond	100.00	100.00	100.00	100.00	100.00
900% Bond	100.00	100.00	100.00	100.00	100.00
1000% Bond	100.00	100.00	100.00	100.00	100.00

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STANDARD AND POORS

U.S. STOCK INDICES

Index	Dec. 26	Dec. 25	Dec. 24	Dec. 23	Dec. 22
100% Bond	100.00	100.00	100.00	100.00	100.00
200% Bond	100.00	100.00	100.00	100.00	100.00
300% Bond	100.00	100.00	100.00	100.00	100.00
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FT CLIPPER RACE

BY JOHN BRAY

Gale knocks out Krieter

SYDNEY, Dec. 26.

A FORCE NINE gale and heavy seas have knocked the French ketch Krieter out of the return leg of the Tasman Sea Clipper Race.

The rough weather in the Tasman Sea has also given a battering to the Italian schooner, CS E R II.

The 80 feet Krieter has lost all steering after sailing through 40 hours of gales. With her hydraulic control lines failing and her rudder useless, she is drifting almost helplessly, but trying to use the southerly winds to make Falkland or to return to Sydney.

When she was knocked out at 04.00 GMT to-day, Krieter was contesting the lead with Anacanda II, the Australian ketch, which was reported to have made the furthest easterly passage, and with Great Britain II, just a few miles astern.

Krieter was one of the favourites for the return passage. She challenged Great Britain II throughout the first leg from London, arriving in Sydney only six hours behind the British boat.

It was thought that having been well tried and tested, the boat would show the others a clean pair of heels on the way back.

She arrived in Sydney with steering trouble, particularly in

the hydraulic system, but it was thought that hard work in Sydney had overcome the problems and the boat would be a confident of success.

A few hours before the Krieter disaster, CS E R II, the 61 foot Italian schooner, was "knocked down" by a vicious sea and heavy wind gusts. But skippered by Doi Malgrini, perhaps the most experienced deep-sea sailor in the race, she survived the ordeal.

The crew, having got their breath bated, reported no damage to the boat—only to their peace of mind.

Emergency services

Krieter has not asked for emergency services, but race organisers in Sydney are keeping in close contact. Krieter will need at least 20 days to reach harbour and make her repairs and this puts her out of the race.

Positions received from the yachts at 05.00 GMT on Christmas Day were: Anacanda II (Australia) 41° 40' S, 160° 33' E; Great Britain II (U.K.) 43° 30' S, 157° 30' E; Krieter II (France) 41° 45' S, 158° 45' E; CS E R II (Italy) 40° 30' S, 157° 30' E; Great Escape (Netherlands) 43° 40' S, 156° 20' E.

About 25,000 people to-day watched 104 yachts start in the 650-mile classic race from Sydney to Hobart.

Escorted by police launches, the competitors had to run the gauntlet of hundreds of spectators as the race began under grey skies, with a 15-knot wind.

The Sydney-Hobart race is the culmination of the four-race Southern Cross series.

Britain's Ron Ames and his crew aboard Noronema made the best start, and held the handiicap lead in the early miles.

Of Britain's second yacht, Apollo II, now skippered by Bobby Lowein-Arthur Slater having had to fly home—there was only a vague sighting and, later, a confused radio position report. Meltemi's position was equally vague. But she was seen forced northwards, off-wind, by spectator craft a few miles from the start.

The yacht Barbarian, sailed by a team of Sydney women, nearly sliced an 18-ft skiff in the New Zealanders led on the start. The New Zealanders led on the start. The New Zealanders led on the start. The New Zealanders led on the start.

BRITISH FUNDS (240)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
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1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

PUBLIC BIDS, ETC.—U.K. (17)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

COMMONWEALTH CORP. STOCKS (—)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

FOREIGN STDS, BIDS, ETC. (1)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

U.K. AND COMMONWEALTH RAILWAYS (1)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

BANKS & DISCOUNT COS. (100)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

CANALS & DOCKS (1)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

COMMERCIAL INDUST. (1228)

Stock	Price	Stock	Price
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00
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A-B

Stock	Price	Stock	Price
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Stock	Price	Stock	Price
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Stock	Price	Stock	Price
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Stock	Price	Stock	Price
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A-B

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A-B

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1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

A-B

Stock	Price	Stock	Price
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A-B

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1000 British Overseas Airways	100.00	1000 British Overseas Airways	100.00

A-B

INC—Firm. Influential buying of
 metal, again thought to have been
 producer account, coupled with fore-
 casts of a further fall in warehouse

STOCK EXCHANGE REPORT

Uneventful close to the Christmas trading Account

Share index up 0.6 at 363.4—Gilts improve afresh

Account Dealing Dates

Option
First Declared Last Account
Dealings (ions Dealings Day
Dec. 12 Dec. 23 Dec. 24 Jan. 7
Dec. 29 Jan. 8 Jan. 9 Jan. 20
Jan. 12 Jan. 23 Jan. 24 Feb. 3

* New time dealings may take place from 9.30 a.m. two business days earlier.

Apart from some noteworthy movements in the companies involved in the McLeod Russell-James Finlay reorganisation plan, the Christmas Eve trading session came to a quiet and uneventful close. However, with the official House closed forward to noon there was a fair amount of end-account book squaring taking place here and there. The FT 30-share index up 0.6 at 363.4 at the close, only slightly reducing the fall on the three-day period to 5.9, but leaving a rise on the Account of 5.3.

standing rise of 1/2 to 99, helped by a none too free stock situation, but other gains failed to exceed 1/2 and some issues actually stayed short of 1/2. The long "tap" remained at 99, both being the assumed unchanged levels for supplies from the Government broker. Southern Rhodesians underwent little alteration apart from the 8 per cent, 1973-51 issue which rose two points to 239.

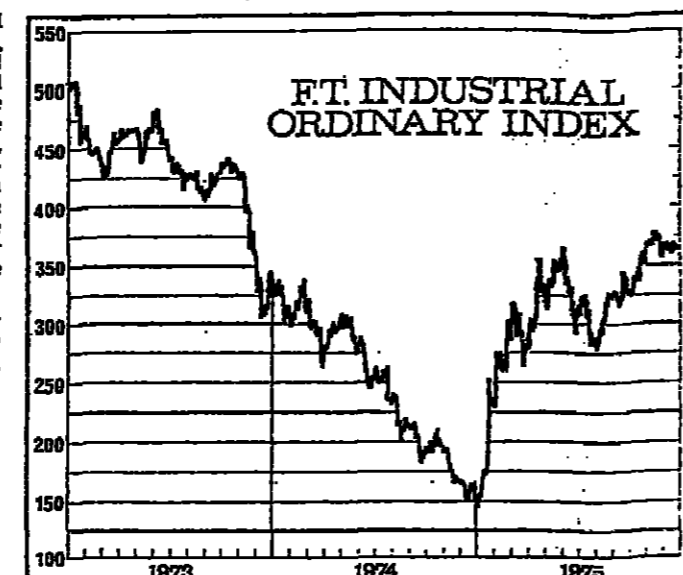
The investment currency premium failed to hold a slightly higher early rate of 113 1/2 per cent, drifting gradually lower to close at a net point down at 112 1/2 per cent. Among overseas stocks, Penn Central reacted 20 to 23, still reflecting New York advances, while Romanian 4 per cent, Consols eased 1/2 to 117 1/2. Wednesday's SE conversion factor was 0.6048 (0.6023).

Slater Walker rally

Very little interest was shown in the Banking sector, which fell a little changed. Slater Walker managed to recover 2 to 23p following the previous evening's fall of 5 on the company's shock decision to revoke the previously announced interim dividend which was due to be paid on January 8. Elsewhere in Merchant Banks, Anglo-Continental hardened 2 to 43p, but Guinness fell 1/2 to 174p and Hambros 3 to 180p. Lloyds, 2 better at 230p, provided the only movement in Home Banks; the company's results are expected on February 24. Provident Financial stayed dull in Vire Purchases, slipping 2 more to 74p. Idle Insurances were virtually unaltered on Tuesday's closing levels. Brentnall Beards recovered 5 to 53p in Lloyds brokers' demand accounted for a rise of 1/2 to 184p in the joint venture. Port Rashid failed to enthrone R. Costain, a penny easier at 235p.

MLR helps gilts

Still basically underpinned by hopes of a fall in Minimum Lending Rate to 11 1/2 per cent, confirmed well after trading had ceased, the market edged made further although less general progress. Treasury 11 1/2 per cent, 1981, achieved the out-



Stores remain quiet

Stores closed narrowly irregular following a small business. Burton "A", 44p, and Marks and Spencer, 91p, shed a penny apiece, while British Home Stores receded 2 to 325p. Allied Retailers, at 108p, gave up the previous day's Press-inspired rise of 3/2; the interim statement is expected on January 10. Of the few firm spots, E. Paradise edged up 2 to 30p. Mail Order recovered their composure: MFI Warehouses hardened a penny to 34p.

Revived small investment demand accounted for a rise of 1/2 to 184p in the joint venture. Port Rashid failed to enthrone R. Costain, a penny easier at 235p.

Brotherhood improving 3 to 70p. Redman Hens 15 to 15p and Bronx 2 to 42p, but Beeston Foundry losing 3 to a low for the year of 30p and Francis Industries sustaining a similar loss, at 14p.

Food closed little changed after a quiet trade. Tase and Lyle were typical, finishing at the overnight level of 233p, after 232p. Associated Dairies, at 207p, regained the previous day's loss of 1/2, while modest improvements were also recorded by Rukhlow Investment, 25p, and Linford, 235p. Of the casualties, Cullens Stores eased 2 to 83p and Joseph Stokes 3 to 52p. On the other hand, the modest improvement in the penny easier at 147p, compared with the bid terms worth approximately 160p per share from Northern Foods, which closed a penny easier at 72p.

Queens Motel Houses were steady in Hotels at 71p awaiting Monday's interim report.

Miscellaneous Industrial leaders

held close to Tuesday's closing levels. Wilkinson Matchmaking advanced to 115p on "new time" support. Elsewhere in Overseas Traders, South African Distilleries and Wines improved 5 to 440p, but Incheape, with interim results expected on January 22, eased 5 to 340p.

In Trusts and Financials, Jardine Securities rose 7 to 120p, while Thompson Growth Capital, 51p, and Moss, 40p, and Realty, 77p, put on 4 and 40 respectively.

Apart from Reardon Smith "A", 17 up at 82p, Shippings had an easier bias. P and O Deferred closed a penny easier at 93p.

Of the few sparse movements in Textiles, Textured Jersey reacted 2 to 21p on end-account profit-taking and Nova (Jersey) lost 1 also to 21p following the midday slump in profits. Courtauld edged higher with other equity leaders, gaining the turn to 143p. Likewise in Tobacco, B&W hardened 2 to 335p.

Tiger that featured South African Industrials with a 20 rise to 840p.

Consideration of the agreements reached by James Finlay and McLeod Russell on the basis for the reorganisation of their respective shareholdings in four associated concerns caused a fair amount of interest in the companies concerned and a revaluation of their market capitalisation. James Finlay closed 5 to 125p, after 120p, for a two-day fall of 9, while Toth and West Nile were raised 50 pence to 197p peaks of 380p on the J.F. bid terms. In the meantime, Cessnock were lowered 20 to 220p and Consolidated Tea and Lands 60 to 300p in thin markets on the bids from McLeod Russell, which were temporarily suspended late on Tuesday at 130p at the company's request.

Quietly mixed mines

Mining shares made a mixed showing in quiet trading although

FINANCIAL TIMES STOCK INDICES									
	Dec. 26	Dec. 27	Dec. 28	Dec. 29	Dec. 30	Dec. 31	Dec. 1	Dec. 2	Dec. 3
Government Securities	59.58	59.58	59.58	59.58	59.58	59.58	59.58	59.58	59.58
First Interest	59.10	59.10	59.10	59.10	59.10	59.10	59.10	59.10	59.10
Industrial Ordinary	363.4	363.4	363.4	363.4	363.4	363.4	363.4	363.4	363.4
Gold Mines	230.2	231.8	231.8	231.8	231.8	231.8	231.8	231.8	231.8
Overseas Traders	5.70	5.70	5.70	5.70	5.70	5.70	5.70	5.70	5.70
Textiles	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00	16.00
P. & O. Shipping	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15
Drainage	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74	2.74
Equity turnover	46.38	46.38	46.38	46.38	46.38	46.38	46.38	46.38	46.38
Equity turnover	13.094	13.094	13.094	13.094	13.094	13.094	13.094	13.094	13.094

10 a.m. 31.12.73. 11 a.m. 31.12.73. Noon 31.12.73.

Based on 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

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Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

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Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

Prices 100 pence per share. Conversion rate: £1 = 163.65 pence. Gold: 1000/100 = 1000/100.

F.T.—ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, The Institute of Actuaries and the Faculty of Actuaries

Wednesday, Dec. 24, 1973

Equity Groups

Groups & Sub-sections

Figures in parentheses show number of stocks per section.

Index No. Change % Est. Div. Yield % P/E Ratio

1 CAPITAL GOODS (178) 138.18 -0.1 16.70 6.09 9.01 138.55 139.15 140.19 139.18 54.32 143.25 51.78 206.57 50.71

2 Building Materials (29) 136.75 -12.66 6.14 12.07 12.06 136.68 136.73 137.43 136.88 47.52 138.19 45.11 225.94 44.27

3 Contracting, Construction (23) 240.91 -0.4 14.84 5.99 10.42 10.42 241.92 242.18 242.81 240.50 81.01 245.12 45.11 225.94 44.27

4 Electricals (16) 233.52 -0.2 18.45 5.09 7.98 7.98 233.96 237.27 241.49 240.91 99.85 254.66 98.49 300.04 84.71

5 Engineering (Heavy) (13) 157.02 -0.1 20.62 7.47 7.39 7.39 156.87 158.30 159.62 159.11 68.05 164.07 64.49 202.57 64.59

6 Engineering (General) (63) 122.17 -0.1 18.03 6.91 8.32 8.32 122.87 122.95 123.53 122.45 48.38 124.12 45.43 165.59 45.63

7 Machine and Other Tools (9) 48.69 -0.3 17.34 8.67 10.39 10.39 48.83 48.84 49.45 49.55 21.34 50.91 20.11 136.70 19.76

8 Miscellaneous (35) 118.21 -0.5 17.62 6.99 8.62 8.62 118.61 118.89 119.07 118.55 53.63 121.12 45.43 165.59 45.63

9 CONSUMER GOODS (DURABLE) (56) 116.14 -15.92 5.35 9.47 9.46 116.19 116.81 117.48 116.81 41.49 117.48 38.39 227.78 38.39

10 Electronics, Radio TV etc. (15) 131.73 -0.2 14.35 4.07 10.42 10.42 131.94 132.72 133.48 132.08 45.69 133.48 44.28 237.41 44.28

11 Household Goods (14) 165.13 -0.1 14.82 6.43 9.51 9.51 165.42 166.50 166.48 165.04 65.87 166.90 64.53 226.28 64.52

HOTELS—Continued[illegible]

INDUSTRIALS (Miscel.)						
167	46	ANAL	280	8.28	2.7	4.6
168	46	ANAL	215	12.27	1.5	18.13
169	132	ANAL	65	11.91	3.0	7.4
170	30	ANAL	60	2.46	2.0	1.6
171	46	ANAL	20	1.00	1.0	1.0
172	46	ANAL	27	1.4	2.2	11.3
173	46	ANAL	27	1.4	2.2	11.3
174	46	ANAL	27	1.4	2.2	11.3
175	46	ANAL	27	1.4	2.2	11.3
176	46	ANAL	27	1.4	2.2	11.3
177	46	ANAL	27	1.4	2.2	11.3
178	46	ANAL	27	1.4	2.2	11.3
179	46	ANAL	27	1.4	2.2	11.3
180	46	ANAL	27	1.4	2.2	11.3
181	46	ANAL	27	1.4	2.2	11.3
182	46	ANAL	27	1.4	2.2	11.3
183	46	ANAL	27	1.4	2.2	11.3
184	46	ANAL	27	1.4	2.2	11.3
185	46	ANAL	27	1.4	2.2	11.3
186	46	ANAL	27	1.4	2.2	11.3
187	46	ANAL	27	1.4	2.2	11.3
188	46	ANAL	27	1.4	2.2	11.3
189	46	ANAL	27	1.4	2.2	11.3
190	132	ANAL	190	12.06	4.2	1.0
191	28	ANAL	25	1.61	2.0	1.7
192	46	ANAL	20	1.00	1.0	1.0
193	30	ANAL	27	1.4	2.2	11.3
194	24	ANAL	27	1.4	2.2	11.3
195	10	ANAL	27	1.4	2.2	11.3
196	24	ANAL	27	1.4	2.2	11.3
197	10	ANAL	27	1.4	2.2	11.3
198	24	ANAL	27	1.4	2.2	11.3
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204	24	ANAL	27	1.4	2.2	11.3
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210	24	ANAL	27	1.4	2.2	11.3
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212	24	ANAL	27	1.4	2.2	11.3
213	24	ANAL	27	1.4	2.2	11.3
214	24	ANAL	27	1.4	2.2	11.3
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321	24	ANAL	27	1.4	2.2	11.3
322	24	ANAL	27	1.4	2.2	11.3
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336	24	ANAL	27	1.4	2.2	11.3
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353	24	ANAL	27	1.4	2.2	11.3
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373	24	ANAL	27	1.4	2.2	11.3
374	24	ANAL	27	1.4	2.2	11.3
375	24	ANAL	27	1.4	2.2	11.3
376	24	ANAL	27	1.4	2.2	11.3
377	24	ANAL	27	1.4	2.2	11.3
378	24	ANAL	27	1.4	2.2	11.3
379	24	ANAL	27	1.4	2.2	11.3

[illegible][illegible]

61	30	Hamson Jan. 4	46	4.42	2,212.15
62	10	De La Rue 20p	1971	10	10.70
63	65	Donnybrook 20p	1971	10	10.80
64	127	Donnybrook 20p	1971	10	10.80
65	100	Donnybrook 20p	1971	10	10.80
66	100	Donnybrook 20p	1971	10	10.80
67	100	Donnybrook 20p	1971	10	10.80
68	100	Donnybrook 20p	1971	10	10.80
69	100	Donnybrook 20p	1971	10	10.80
70	100	Donnybrook 20p	1971	10	10.80
71	100	Donnybrook 20p	1971	10	10.80
72	100	Donnybrook 20p	1971	10	10.80
73	100	Donnybrook 20p	1971	10	10.80
74	100	Donnybrook 20p	1971	10	10.80
75	100	Donnybrook 20p	1971	10	10.80
76	100	Donnybrook 20p	1971	10	10.80
77	100	Donnybrook 20p	1971	10	10.80
78	100	Donnybrook 20p	1971	10	10.80
79	100	Donnybrook 20p	1971	10	10.80
80	100	Donnybrook 20p	1971	10	10.80
81	100	Donnybrook 20p	1971	10	10.80
82	100	Donnybrook 20p	1971	10	10.80
83	100	Donnybrook 20p	1971	10	10.80
84	100	Donnybrook 20p	1971	10	10.80
85	100	Donnybrook 20p	1971	10	10.80
86	100	Donnybrook 20p	1971	10	10.80
87	100	Donnybrook 20p	1971	10	10.80
88	100	Donnybrook 20p	1971	10	10.80
89	100	Donnybrook 20p	1971	10	10.80
90	100	Donnybrook 20p	1971	10	10.80
91	100	Donnybrook 20p	1971	10	10.80
92	100	Donnybrook 20p	1971	10	10.80
93	100	Donnybrook 20p	1971	10	10.80
94	100	Donnybrook 20p	1971	10	10.80
95	100	Donnybrook 20p	1971	10	10.80
96	100	Donnybrook 20p	1971	10	10.80
97	100	Donnybrook 20p	1971	10	10.80
98	100	Donnybrook 20p	1971	10	10.80
99	100	Donnybrook 20p	1971	10	10.80
100	100	Donnybrook 20p	1971	10	10.80

[illegible]

58	11	Harrisburg 2nd P.	50	12.2	2.3	0.71
59	11	Harrisburg 3rd P.	51	12.2	2.3	0.71
60	11	Harrisburg 4th P.	52	12.2	2.3	0.71
61	11	Harrisburg 5th P.	53	12.2	2.3	0.71
62	11	Harrisburg 6th P.	54	12.2	2.3	0.71
63	11	Harrisburg 7th P.	55	12.2	2.3	0.71
64	11	Harrisburg 8th P.	56	12.2	2.3	0.71
65	11	Harrisburg 9th P.	57	12.2	2.3	0.71
66	11	Harrisburg 10th P.	58	12.2	2.3	0.71
67	11	Harrisburg 11th P.	59	12.2	2.3	0.71
68	11	Harrisburg 12th P.	60	12.2	2.3	0.71
69	11	Harrisburg 13th P.	61	12.2	2.3	0.71
70	11	Harrisburg 14th P.	62	12.2	2.3	0.71
71	11	Harrisburg 15th P.	63	12.2	2.3	0.71
72	11	Harrisburg 16th P.	64	12.2	2.3	0.71
73	11	Harrisburg 17th P.	65	12.2	2.3	0.71
74	11	Harrisburg 18th P.	66	12.2	2.3	0.71
75	11	Harrisburg 19th P.	67	12.2	2.3	0.71
76	11	Harrisburg 20th P.	68	12.2	2.3	0.71
77	11	Harrisburg 21st P.	69	12.2	2.3	0.71
78	11	Harrisburg 22nd P.	70	12.2	2.3	0.71
79	11	Harrisburg 23rd P.	71	12.2	2.3	0.71
80	11	Harrisburg 24th P.	72	12.2	2.3	0.71
81	11	Harrisburg 25th P.	73	12.2	2.3	0.71
82	11	Harrisburg 26th P.	74	12.2	2.3	0.71
83	11	Harrisburg 27th P.	75	12.2	2.3	0.71
84	11	Harrisburg 28th P.	76	12.2	2.3	0.71
85	11	Harrisburg 29th P.	77	12.2	2.3	0.71
86	11	Harrisburg 30th P.	78	12.2	2.3	0.71
87	11	Harrisburg 31st P.	79	12.2	2.3	0.71
88	11	Harrisburg 32nd P.	80	12.2	2.3	0.71
89	11	Harrisburg 33rd P.	81	12.2	2.3	0.71
90	11	Harrisburg 34th P.	82	12.2	2.3	0.71
91	11	Harrisburg 35th P.	83	12.2	2.3	0.71
92	11	Harrisburg 36th P.	84	12.2	2.3	0.71
93	11	Harrisburg 37th P.	85	12.2	2.3	0.71
94	11	Harrisburg 38th P.	86	12.2	2.3	0.71
95	11	Harrisburg 39th P.	87	12.2	2.3	0.71
96	11	Harrisburg 40th P.	88	12.2	2.3	0.71
97	11	Harrisburg 41st P.	89	12.2	2.3	0.71
98	11	Harrisburg 42nd P.	90	12.2	2.3	0.71
99	11	Harrisburg 43rd P.	91	12.2	2.3	0.71
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102	11	Harrisburg 46th P.	94	12.2	2.3	0.71
103	11	Harrisburg 47th P.	95	12.2	2.3	0.71
104	11	Harrisburg 48th P.	96	12.2	2.3	0.71
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106	11	Harrisburg 50th P.	98	12.2	2.3	0.71
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108	11	Harrisburg 52nd P.	100	12.2	2.3	0.71
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248	11	Harrisburg 192nd P.	240			

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FINANCIAL TIMES

Saturday December 27 1975

A good name to trust
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MAN OF THE YEAR



A tale of tenacity

BY NICHOLAS COLCHESTER

HELMUT SCHMIDT, Chancellor of West Germany, is named man of the year because of the world-wide respect that has emerged over the 20 months since he took office for the German economy, German democracy and German foreign policy. In contributing to this respect Chancellor Schmidt has built on the work of Konrad Adenauer who rooted West Germany among the Western democracies and set it on the road back to economic influence, and of Willy Brandt who injected a valuable measure of humanity into West Germany's international image.

Herr Schmidt appears to be one of those people whose best qualities emerge during times of difficulty. He came to fame within West Germany in 1962 when, as an energetic State Minister, he brisquely organised the relief measures needed to deal with floods in his native city of Hamburg. He established himself as German Chancellor during a period of recession that led to turbulent politics in a number of Western democracies. This recession put unemployment in West Germany up to a level that would have been considered a political disaster three years ago. Yet with Schmidt at the helm West Germany mastered it with apparent ease.

He has somehow contrived to be extra-political, a man whose thoughts matter not because they represent the Left or the Right but because they are the thoughts of a formidably clear-thinking man. Gerald Ford is America's Republican President. Harold Wilson is Great Britain's Labour Prime Minister. But Herr Schmidt can carry the shorter title of German Chancellor. In his overseas image he does not represent any particular trend but is the personification of modern Germany—well meaning, logical, efficient, and somewhat abrasive.

Yet within West Germany Helmut Schmidt remains a vital political asset to his party, the Social Democrats. Next year, 1976, is an election year in Germany and Schmidt is the outstanding reason why the current coalition between Social Democrats and Free Democrats might remain in power. The Chancellor somehow defuses the Opposition from his central stance. By origin and early career he is impeccably Social Democratic, but in his current attitudes he has the respect and trust of free enterprise and is considered Rightwing socialist by the standards of most other Western democracies. He has good relations with both management and unions and is ready to chide both in public telling the former to stop cultivating a premeditated pessimism and reminding the latter that they cannot expect automatic growth in real incomes.

He is a modern German Chancellor because he seeks to rule by convincing people with detailed and logical argument. In a country where issues are built up in mind-numbing detail he has the tenacity and capacity of mind to out-point his audience and persuade them that there is no other solution but the one he is advocating. This gift is combined with the valuable ability in his oratory to find the right tone for a difficult moment.

Steel prices may rise by about 10%

BY ADRIAN HAMILTON

INDUSTRY IS now generally expecting an increase of about 10 per cent in the price of most steel products supplied by British Steel Corporation within the next few weeks.

So far BSC has refused to comment on the growing speculation about its pricing plans and does, indeed, seem genuinely uncertain of how prices can be raised in the market conditions of next year as a whole.

There is every indication, however, that the Corporation—in line with other major producers on the Continent—will seek its first general bid at the beginning of the New Year, with a rise of around 10 per cent on most products, and slightly higher increases on certain qualities and sizes.

The rise would mark the first general price increase in steel for a year, although the Corporation has made selective increases on particular products during the year.

It comes at a time when the industry's need for an increase is becoming more intense daily as its losses mount. Yet market conditions still make it peculiarly difficult for steel manufacturers to work out a long-term pricing strategy.

On the optimistic side, the latest figures on consumption and stocks suggest that at least the bottom of the depression has been reached and that demand,

in certain areas, is beginning to pick up. There also seems to be a general optimism that a sharp upturn will be experienced towards the end of 1976 and this mood has already had its impact on demand among users.

The pick-up, on the other hand, has yet to work its way back in higher orders from the producers themselves and there is still a mood of general pessimism about the prospects for an early revival in demand for specific products such as constructional steel.

In the U.K., the most immediate market worries concern the supply of flat-rolled sheet from BSC's strip mill division, where output has been artificially distorted by the problems at Llanwern and the difficulties of producing sheet of the qualities required when the fall in demand is being evenly carried by most of the division's plants.

Although the recent settlement on the operation of the new blast furnace at Llanwern should improve supplies, particularly for the car industry, it will take several months before the furnace can be brought to full capacity. Even then much will depend on whether the Corporation can achieve its current plans for concentrating production on the better plants if the quality products are to become readily available.

In the meantime, BSC has put many of its customers on drastically reduced quotas and has warned them that they may well have to go abroad if they are to fill their needs. It has also taken options itself on improved steel in the first quarter.

Whether the Continent and other foreign suppliers will fill the gap, on the other hand, remains to be seen, particularly as most of the Continental manufacturers seem to have agreed export quotas.

In other areas such as general and stainless steels and tubes, the supply situation seems to be better, although still tight on some specific qualities, where the Corporation's flexibility in output is limited and the problem of working at low capacity are greater.

Further price rises beyond January are likely to depend very much on the specific market situation on the individual steel product and the point at which the current stock withdrawal ceases—a picture which varies considerably from product to product.

But the Corporation is generally expected to look for an additional 10-15 per cent on many products in the Spring with a further five in the Autumn if the market and the policies of the Continental producers allow it.

Steel investment plans, Page 9

India plans nationalisation of Burmah Shell refinery

BY K. K. SHARMA

NEW DELHI, Dec. 26

THE INDIAN Government will introduce legislation to Parliament during the session beginning Jan. 5 for the 100 per cent takeover of Burmah Shell's 6m-tonne refinery in Bombay and its country-wide marketing operations.

This follows the signing of an agreement on the takeover on Wednesday by the Government and Mr. M. A. Cooke and Mr. R. H. Kibbey on behalf of the Burmah Oil Company and Shell International joint owners of the Indian company.

The agreement provides for payment of compensation of Rs.380m. (£23m.) to Burmah Shell in instalments.

Burmah Shell, it is understood, will provide 3.5m. tonnes of crude oil annually for the next three years for processing in the refinery. After that, the Government will make its own arrangements for crude supply.

The Government plans to use crude produced in the Bombay offshore structure, where preparations to begin production of 2m. tonnes by the end of 1976 are being made.

Production from the offshore field will eventually increase to 10m. tonnes annually, but this will take about five years.

One of the main reasons for the government takeover of the Burmah Shell refinery is that it can process Bombay crude with-

out alterations. With the takeover of Burmah Shell, the Indian Government will control 95 per cent of oil refining and distribution in the country.

Plans now are to take over the 1.25m. tonne refinery and marketing network of Calcutta and also the Assam Oil Company, the only remaining foreign companies.

A 74 per cent share of Esso was taken over in March 1974 and the remaining 26 per cent will be taken over in 1981, according to the agreement with the U.S. company.

The bulk of refining and marketing is done by the Government-owned Indian Oil Corporation.

Many hospitals likely to resume normal services next week

BY OUR LABOUR STAFF

A NUMBER of hospitals hit by junior doctors' industrial action have reopened their casualty departments after many of the doctors decided to lift their sanctions.

But with most hospitals trying to keep their work to a minimum during the holiday, a widespread resumption of services is unlikely to be seen until next week.

Since their national leaders earlier this week urged doctors to "suspend" sanctions, imposed because of a dispute over contracts, doctors in the North-West of England—one of the most militant areas—have been told to resume normal working.

Junior doctors in one of the 30 hospitals in the Mersey region—St. Paul's Eye Hospital, Liverpool—have already resumed normal duties.

Doctors in the other hospitals in the region, which stretches from Southport to Crewe, are expected to resume overall cover from Monday.

Similar decisions to resume were taken in Ipswich and North

Humbly Grove, with doctors in Northampton and Kettering expected to follow suit.

However, doctors in Plymouth may vote to continue the emergency-only action, along with a number in central London, in the Bristol area, a one-day strike over the separate issue of private practice legislation is being considered for Jan. 6.

Ballot papers

London is still a problem area for the ambulance service, with seven hospitals shut entirely and another seven admitting patients only part of the week.

A spokesman for the London ambulance service said that the workload was building up yesterday afternoon and difficulties would persist over the week-end.

Officially, junior doctors' action is only to be suspended while the profession's independent pay review body re-examines their contracts in the light of fresh proposals from Mrs. Barbara Castle, Social

Services Secretary. But most of the doctors are expected to make that suspension indefinite.

Meanwhile, hospital consultants are still under instructions to impose sanctions in protest at legislation to remove private practice from NHS hospitals.

The British Medical Association will shortly be sending out ballot papers to the 11,000 consultants asking them if they accept or reject a plan for mitigating the effects of the legislation agreed between the Government and their own negotiators.

The consultants will however continue to oppose the legislation in principle even if they accept or reject a plan for mitigating the effects of the legislation agreed between the Government and their own negotiators.

The British United Provident Association has a "contingency" plan to fly patients to Malta for some operations because of the Government's intention to freeze or raise NHS (48P). National Health Service hospitals.

It said that consultants had been approached and had agreed to the scheme.

Rees puts up new political plan

BY JOHN BOURNE, LOBBY EDITOR

MR. MERLYN REES, the Northern Ireland Secretary, believes that the next step to try to break the political deadlock in the Province is to recall its elected Constitutional Convention early in the New Year, but with new terms of reference.

He, he thinks, should be aimed at concentrating the minds of the Northern Ireland parties on ways of progressing towards minority involvement in any new devolved government in Belfast.

One man who has already discussed with party leaders there—and also with Conservatives and Liberals at Westminster—is the velleid suggestion of Mr. William Craig, the Protestant Vanguard leader, which was summarily rejected by other Loyalist leaders last autumn. This was for a temporary emergency coalition government, bringing in some Catholics.

The report of the Constitutional Convention reflected the views of the majority Unionist grouping.

Government by the Protestant majority with Catholic Social Democratic and Labour Party restricted to non-executive chairmanships of certain committees in a new Stormont Assembly. This conclusion was rejected by the SDLP and the Alliance Parties, and therefore Mr. Rees sees no point in recalling the convention merely to "have another think" about its report.

Nor does he feel inclined to accept the argument that the Protestant parties, having honoured promises in their election manifestos to fight for majority rule, would now be ready to alter their original report.

However, British Cabinet Ministers will not decide their view on the convention's report until the week after next.

The decision will have to be taken before January 12 when the Commons, on its first day back after Christmas recess, will discuss the Northern Ireland Convention's report and hear from Mr. Rees how the Government sees the best way forward. But even then, Mr. Rees will make it clear that the Government will consider any reasonable alternative suggestions made during the Commons debate.

Conservative leaders at Westminster, in preliminary discussion, have shown themselves determined to maintain a bipartisan approach with the Government on the constitutional problems with Northern Ireland, although Mr. Airey Neave, the Northern Ireland spokesman, has recently stridently severed Conservative—Government relations over Mr. Rees' handling of detention and general security problems in the Province.

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THE LEX COLUMN

Poised for future expansion

The annual general meeting of Carey Street Finance Ltd. was held at 5.30 p.m. on December 24 at the company's head office, Cork House, Carey Street, W.C. The following remarks were made by the chairman, Mr. A. Prior-Clearer.

I am sorry there are so few shareholders here this evening. It has been suggested to me that this may have something to do with the inconvenient hour of the meeting, and I will see what can be done about this in future years.

This is the first occasion on which I have been privileged to address you, and I think you will agree that in all the circumstances there is no useful purpose to be served by dwelling unduly on the past. You will already have received the report, and accounts for the year, which showed losses of £57.8m. after exceptional provisions totalling £55.3m.

Assumptions dashed

The assumptions made in the interim report that property values would rise sharply, that interest rates would fall and that planning permission would be given for our scheme to redevelop the city centre of Cambridge proved to be over-optimistic.

Other than that, I would only comment that the sums now set aside are adequate to cover all foreseeable contingencies. However, you will note that our auditors, Messrs. Beat Plunder and Co., have stated that whether or not the provisions we have made prove to be adequate or excessive or not in the light of subsequent events, as the case may be, remains to be seen.

Now for our Boardroom changes. Mr. N. Dowdman has regrettably felt it necessary to step down from his position as chairman due to the pressure of his many other commitments, including those at the Actuaries' Benefit Assurance company, our major shareholders, where I understand he is to become director of long-term planning. I would like to express my thanks for all the help he has extended to me personally in a difficult period.

I also extend heartfelt thanks to Mr. M. Raikoff, our chief already been circulated to you, which we shall be seeking changes in the articles of association which mean of devoted service. As you might otherwise have placed loans are liquidated. As for know, Mr. Raikoff was especially undesirable constraints upon corporate finance departu closely connected with our property activities, where our Board. In particular we propose that borrowing should not be limited to six times capital tise.

Index rose 0.6 to 363.4

like, on behalf of us all, to wish him every success in his new venture in the South of France. Incidentally, Mr. Raikoff, a dog breeder in his spare time, also deserves our congratulations for winning this year's Grand Prix in the Alsatian class at Crufts.

We say farewell, too, to Mr. J. Bananas, our banking director, whose skills in financial dealing have served Carey Street so well over a number of years. He has been seconded to special Government service for periods of five and seven years, the two to run concurrently, although I understand that he may be entitled to remission for good conduct. Sorry as we are to see these

and reserves, but should be restricted to eight times capital and reserves of £750m., we ever should be the higher time to time.

We are also taking steps to modernise the trust deed which constitutes our quoted secured loan stock. I point out to stockholders if approval is not given to proposals the only real alternative would be an immediate liquidation, in which the values of assets real would be materially reduced and it is extremely unlikely there would be anything like the value for loans stockholder Ordinary shareholders.

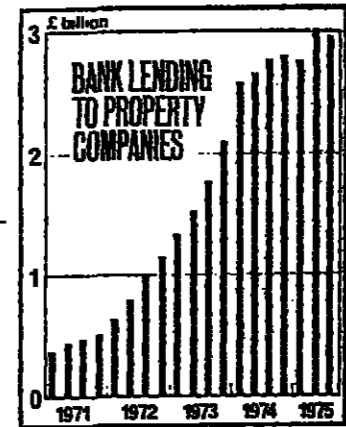
Now I should like to say a word about our difficult obtaining sufficient funds, you know, the problems of financial markets have risen in wholly unforeseen proportions for banks such as ours, and we have come to do in substantial measure the deposits provided by Bank of England and the clearing banks.

May I say how wise and sighted the Bank has been in organising this support, for by this means can we preserve the reputation of banks Carey Street Finance for honesty, probity and security which adds up to a far less national asset. How I it would be for the City sturdy, independent com such as ourselves were swept aside by events out beyond our control. Our criticism is that the high of interest exacted on such port makes it more difficult us to restore our position.

Stand on feet

We look forward to the which I am sure will not be distant, when we shall again be able to stand on our own feet. Meanwhile we continuing to develop our ranging financial skills; to stance, our methods of acc ing for rolled-up interest property development los which we prefer to descril unrealised contingent defic adjustments — represent, believe, great advances on various techniques.

On the banking side we confident that Mr. Kenneth executive who resigned during the summer after many years of devoted service. As you might otherwise have placed loans are liquidated. As for know, Mr. Raikoff was especially undesirable constraints upon corporate finance departu closely connected with our property activities, where our Board. In particular we propose that borrowing should not be limited to six times capital tise.



Weather

U.K. TO-DAY

RAIN in the North. London, E. S.E. and Cent. S. England, E. Anglia, Midlands, Channel Islands.

Cloudy but dry. Wind W. moderate or fresh. Max. 11C (52F).

S.W. and N. England, Lakes, Isle of Man, Wales. Rain or drizzle. Wind W. fresh to strong. Max. 10C (50F).

Scotland, N. Ireland. Occasional rain. Wind W. strong or gale. Max. 9C (48F).

Outlook: Rain in most areas. Lighting-up: London 16.27, Manchester 16.25, Glasgow 16.18, Belfast 16.33.

BUSINESS CENTRES

	Y'day	mid-day		Y'day	mid-day
	°C	°F		°C	°F
Amsterdam	9	48	Manchester	8	47
Antwerp	11	52	Midbourne	8	47
Bahraia	18	64	Maxton	9	48
Barcelona	18	64	Milan	9	48
Bombay	28	82	Montreal	5	41
Buenos Aires	13	55	Munich	5	41
Calcutta	28	82	Newcastle	9	48
Cairo	28	82	New York	12	54
Cardiff	9	48	Oglo	8	47
Colon	28	82	Paris	8	47
Copenhagen	9	48	Perth	8	47
Dublin	9	48	Prague	8	47
Edinburgh	9	48	Rangoon	28	82
Frankfurt	9	48	Rio de J'no	28	82
Geneva	9	48	Rome	13	55
Hamburg	9	48	Singapore	28	82
Helsinki	9	48	Sofia	13	55
Hong Kong	28	82	Stockholm	9	48
Kobe	16	61	Strasbourg	9	48
London	9	48	Sydney	22	72
Luxembourg	9	48	Taipei	28	82
Madrid	9	48	Tokyo	18	64
			Toronto	5	41
			Vancouver	8	47
			Warsaw	8	47
			Winnipeg	5	41
			Zurich	9	48

HOLIDAY RESORTS

	Y'day	mid-day	Y'day		
	°C	°F	°C		
Algeria	13	55	Jerusalem	18	64
Algiers	C 13	54	Jessy	18	64
Batavia	C 7	45	Las Pimas	C 20	68
Batzeopol	C 8	46	Lima	C 3	41
Bordeaux	C 15	59	Malabar	C 11	52
Boulonnes	C 8	46	Malta	C 10	50
Calcutta	S 16	61	Manila	C 13	57
Cap Town	S 16	61	Mexico	C 14	57
Canton	F 16	61	Naples	S 11	52
Dubrovnik	C 10	50	Nice	S 12	54
Faro	C 14	57	Onorio	C 12	54
Genoa	C 14	57	Orizaba	C 12	54
Himalch	R 11	47	Salzburg	C 7	45
Harbin	C 14	57	Tancour	S 17	63
Hermes	C 14	57	Tenorio	C 12	54
Indonchek	F 22	72	Tientsin	C 10	50
Inverness	C 8	46	Valencia	S 12	54
Madras	M 21	70	Yamouhi	C 12	54
Manila	C 13	57			
Sunny	F-Fair	C-Cloudy	R-Rain		
	F-Fog	Sn-Snow			
Snow Reports Sn-Snow.					